



A Report to the United States Congress
by the Secretary of Defense



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19990616 176

March 1999

AD I 99-09-1266

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INTRODUCTION

PURPOSE

This Report presents the Department of Defense assessment of the relative contributions toward common defense and mutual security made by our NATO allies, our key partners in the Pacific (Japan and the Republic of Korea), and the countries of the Gulf Cooperation Council (GCC). This report responds to the requirements set forth in the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (P.L. 105-261), Title XII, Section 1233, Defense Burdensharing, paragraphs a-c. Additionally, this Report covers burdensharing reporting requirements set forth in the Department of Defense Military Construction Appropriations Act (P.L. 105-237), Section 119.

In its discussion of "Legislative Provisions Adopted" in the Strom Thurmond Act, Congress directed the Secretary to provide a Report to Congress on "National Security Bases for Forward Deployment and Burdensharing Relationships." The baseline legislation for this requirement is the FY1997 National Defense Authorization Act, Title X, Section 1084. In that provision, Congress requests an analysis of forward deployment options, and related force structures and costs (paragraphs c-e). Such information is beyond the scope of this Report, but readers are advised that the information is available in more comprehensive departmental reports. These include the National Defense University's 1998 Strategic Assessment (on alternative basing options and related force structures); and in the Department of Defense OP-53 Exhibit, Defense Overseas Funding, which addresses DOD worldwide overseas costs.

Under legislative provisions dating to the Defense Authorization Act of 1981 (P.L. 96-342, Section 1006), the Department of Defense is required to compare the defense burdens borne by our allies, explain disparities, and describe efforts to eliminate such disparities. For the last three years, beginning with the FY 1997 Defense Authorization Act (P.L. 104-201), Congress has recognized that there are multiple and diverse ways in which allies may share the responsibility for achieving mutual security objectives. This represents a major step toward embracing the Administration's policy on responsibility sharing, first set forth in the 1994 edition of this Report. We look forward to continuing to work with the Congress in structuring a comprehensive and balanced framework within which to evaluate allied contributions to common defense and mutual security.

ORGANIZATION OF THIS REPORT

This Report is organized into three chapters and a comprehensive data annex. The first chapter presents an executive summary, describing the goals of U.S. responsibility sharing policy and providing a brief assessment of country contributions for 1997-1998. Chapter II provides a regional perspective of U.S. security interests and highlights the contributions of key allies. Chapter III follows with detailed assessments of country efforts.

Additional information is provided in the Annex, which contains sources and notes, summarizes responsibility sharing contributions on a country-by-country basis, and provides an array of supporting statistics.

This report will also be available on the Department's web site, DefenseLINK, at http://www.defenselink.mil/pubs/allied_contrib99.

CHAPTER I

EXECUTIVE SUMMARY

U.S. RESPONSIBILITY SHARING POLICY

A *National Security Strategy for a New Century* (October 1998) identifies a diverse set of threats to U.S. security, including regional or state-centered threats (such as regional aggressors); transnational threats (involving terrorism, international crime, drug trafficking, illicit arms trafficking, uncontrolled refugee migrations, and environmental damage); the spread of dangerous technologies (including weapons of mass destruction and the proliferation of non-safeguarded dual-use technologies); foreign intelligence collection; and failed states.

To meet these challenges, the Administration's national security strategy stresses the need for integrated approaches, specifically to *shape* the international environment in ways favorable to U.S. interests and global security, to maintain the ability to *respond* across the full spectrum of potential threats and crises, up to and including major theater war, and to *prepare* now to meet an uncertain future. A central aim of the Administration's strategy is to strengthen and adapt our security relationships – including sharing collective security responsibilities with allies and other friendly nations.

We require integrated regional approaches to promote U.S. security objectives tailored to different areas of the globe. This calls for a broad range of security arrangements. Our alliances, particularly our security commitments in NATO, our bilateral relationships with Japan and the Republic of Korea, and our growing partnership with the nations of the Gulf Cooperation Council (GCC), are essential to the projection of American power and influence into areas where vital U.S. interests are at stake. These relationships reflect fundamental shared interests and embody close cooperation in both political and military affairs. They enhance our ability to achieve our international security objectives and protect vital economic interests. Our regional security arrangements enable the United States and our allies to provide the security and stability essential to democracy-building, economic progress, and the orderly resolution of international differences.

The cornerstone of effective alliance relationships is the fair and equitable sharing of mutual security responsibilities, and the proper balancing of costs and benefits. This, in turn, is the basis of U.S. responsibility sharing policy. The Administration is pleased that Congress accepts this policy and recognizes the breadth and depth of U.S.-allied relationships. This broader understanding, reflected in the FY 1999 Defense Authorization Act, acknowledges that each country's contribution is a mix of political, military, and economic elements, and that influencing and increasing allied efforts is a long-term endeavor heavily influenced by specific historical and geographical circumstances (including economic realities). The manner in which allies contribute to shared security objectives is also defined by the very different multilateral (NATO) and bilateral (East Asia-Pacific and Southwest Asia) frameworks within which those contributions are made.

SUMMARY ASSESSMENT

This section includes an assessment of country contributions under the terms specified in the FY 1999 Defense Authorization Act, as well as a more comprehensive evaluation consistent with previous reports.

Assessment Stipulated in the FY 1999 Defense Authorization Act

Following the framework adopted in FY 1997 and 1998, the FY 1999 Defense Authorization Act urges U.S. allies to increase their efforts in one or more of the following areas:

- Defense spending as a percentage of gross domestic product (GDP);
- Contributions or pledges to multinational military activities;
- Cost sharing for stationed U.S. forces; and
- Foreign assistance.

Chart I-1 presents an overview assessment of contributions made in each of these categories by our NATO and Pacific allies and our security partners in the Gulf. The assessment is based on the most recent, complete, and reliable data available: through 1998 for defense spending, through 1997-98 for multinational military activities, and through 1997 for cost sharing and foreign assistance. The chart shows that all of the countries addressed in this Report, with the exception of France, Norway, and the United Kingdom, meet at least one of the Congressional responsibility sharing targets listed above, and nearly half the countries meet two or more of them. With regard to those nations not meeting the Congressional criteria, it must be emphasized that these three countries make substantial contributions on a variety of important responsibility sharing indicators. For example, as shown on Chart III-6, the United Kingdom provides what is, by far, the largest single contribution to the ARRC of any NATO nation (including the United States), even though it does not satisfy the Congressional criterion of increasing their military assets contributed or pledged to multinational military activities. National strengths are clearly evident, as are those areas of concern – such as continued pressure on defense budgets – where more clearly needs to be done.

- NATO Allies. Fewer than half of our NATO allies experienced real reductions in their defense budgets in 1998, and real defense spending stayed virtually level with 1997 for our allies as a group. The Europeans now offset nearly a third of U.S. stationing costs (a slight increase from 1996), but this support remains focused on indirect contributions. The U.S. cost share of NATO common-funded budgets will be reduced by roughly one percentage point due to the contributions of the three new members, and increased participation by France and Spain. All of the NATO allies except Turkey provided a greater share of GDP to foreign assistance in 1997 than did the United States, but Denmark is the only NATO nation that met the strict requirement set by Congress of 1 percent of GDP. Most NATO nations also contribute substantially to and participate extensively in shared military roles, missions, and combined operations within and beyond NATO. For example, nearly 80-percent of troops contributed to the Stabilization Force (SFOR) in Bosnia are non-U.S. Our NATO allies, and in particular France, have taken the lead in providing a 1,500-strong European-only Extraction Force (XFOR) in response to the Kosovo situation.

- Pacific Allies. Japan maintains an enviable record of providing host nation support and foreign assistance, although its level of defense spending as a share of GDP remains at just 1 percent due to political constraints. The Republic of Korea also provides host nation support and maintains a substantial investment in defense (over 3 percent of GDP), but in light of the modest standard of living, makes only limited contributions to foreign assistance.
- Gulf Cooperation Council (GCC). Each of the GCC nations has a per capita GDP below the average of all countries addressed in this Report, yet spends an above-average share of GDP on defense, with the shares of Saudi Arabia, Kuwait, Oman, and Qatar in the 10 to 13 percent range. Kuwait's foreign assistance relative to GDP continues to lead all nations in this Report.

Chart I-1

Countries Achieving Congressional Targets*

	Defense Spending as % GDP (1998)	Multinational Military Activities (1997-98)	Cost Sharing (1997)	Foreign Assistance (1997)
NATO Allies				
Belgium		✓		
Canada		✓		✓
Denmark		✓		✓
France				
Germany		✓		
Greece	✓	✓		
Italy		✓		
Luxembourg		✓		✓
Netherlands		✓		
Norway				
Portugal		✓		✓
Spain		✓		
Turkey	✓	✓		
United Kingdom				
Pacific Allies				
Japan		✓	✓	
Republic of Korea	✓	✓		✓
Gulf Cooperation Council				
Bahrain	✓			
Kuwait	✓			✓
Oman	✓			
Qatar	✓	✓		
Saudi Arabia	✓		✓	
UAE	✓			

*Congressional targets are as follows:

1. Increase defense spending share of GDP by 10% over the previous year, or to a level commensurate with the U.S.
2. Increase military assets contributed or pledged to multinational military activities.
3. Increase offsets for U.S. stationing costs to a level of 75% by September 30, 2000.
4. Increase foreign assistance by 10% over the previous year, or to a level equal to at least 1% of GDP.

Comprehensive Assessment of Contributions

The targets embodied in the FY 1999 Defense Authorization Act are a sound basis upon which to assess country efforts, although the Department believes that a thorough evaluation requires a somewhat expanded approach. Because nations' efforts are subject to short-term volatility, and due to large differences in the economies, demographics, and standard of living among the nations included in this Report, *year-to-year* comparisons of *absolute levels of effort* can be highly misleading. Thus, the Department has long maintained that – in contrast to the short-term, “pass/fail” perspective of the Congressional targets – assessments should acknowledge *trends* in country contributions, and be based on a country's *ability to contribute*.

Moreover, in addition to the four categories identified in the Authorization Act, previous assessments by the Department have also addressed military personnel and standing forces as key measures of a country's contribution to shared security objectives. Finally, although an assessment of U.S. efforts is not specified in the Authorization Act, the Department believes such an assessment should be included in this Report for completeness and balance.

This approach yields a more comprehensive assessment than the approach mandated in the FY 1999 Defense Authorization Act. That is, when countries' efforts are analyzed with respect to their ability to contribute, each nation in the Report makes substantial contributions in at least one (and the vast majority in at least two) of the four Congressional categories.

As summarized in Chart I-2, however, several key differences emerge relative to the results in Chart I-1.

- First, regarding the three countries that fail to satisfy any of the Congressional criteria: using the more comprehensive approach that bases assessments on ability to contribute, France, Norway, and the United Kingdom make significant contributions in the area of multinational military activities (especially in reaction force commitments, as well as in support of UN operations), as well as in foreign assistance. France also makes substantial contributions in active duty military personnel relative to labor force share, while Norway (in ground combat capability) and the United Kingdom (in naval tonnage) make substantial force contributions relative to their GDP shares.
- Concerning multinational military activities, although Bahrain and Kuwait fail to satisfy the Congressional target, each is credited for noteworthy contributions in Chart I-2. This is because their share of total reaction forces (Peninsula Shield) substantially exceeds their share of total GDP. Conversely, although Japan and the Republic of Korea register increases in this measure (due to their support of UN operations) and therefore satisfy the Congressional target, their share of UN support relative to their ability to contribute is extremely low in virtually every dimension used to assess this category.
- Saudi Arabia and Japan are the only nations that meet the Congressional target for cost sharing, yet relative to ability to contribute, Oman's bilateral cost sharing contributions to the United States lead all countries in this Report. In addition to these three countries, the Republic of Korea, Kuwait, Luxembourg, Italy, Japan, and

Chart I-2

Countries Making Substantial Contributions Based on Ability to Contribute*

	Defense Spending (1998)	Multinational Military Activities (1997-98)	Cost Sharing (1997)	Foreign Assistance (1997)
United States	✓		NA	
NATO Allies				
Belgium		✓		✓
Canada		✓		✓
Denmark		✓		✓
France		✓		✓
Germany		✓		✓
Greece	✓	✓		
Italy		✓	✓	
Luxembourg			✓	✓
Netherlands		✓		✓
Norway		✓		✓
Portugal		✓		✓
Spain		✓		
Turkey	✓	✓		
United Kingdom		✓		✓
Pacific Allies				
Japan			✓	
Republic of Korea	✓		✓	
Gulf Cooperation Council				
Bahrain	✓	✓	✓	
Kuwait	✓	✓	✓	✓
Oman	✓		✓	
Qatar	✓	✓		
Saudi Arabia	✓		✓	
UAE	✓			

- Assessments are based on comparing a nation's share of total contribution of all nations addressed in this Report with its share of total ability to contribute (either GDP or labor force). A country's efforts are assessed to be "substantial" when its contribution share exceeds by at least 20 percent its GDP or labor force share.

For example, U.S. defense spending is assessed as follows: U.S. share of total defense spending is 52 percent (contribution); U.S. share of total GDP is 39 percent (ability to contribute). U.S. defense spending is rated 'substantial' because its contribution exceeds ability to contribute by 31 percent (52 divided by 39).

Chart I-2 (Cont.) Countries Making Substantial Contributions Based on Ability to Contribute*

	Active-Duty Military Personnel (1998)	Ground Combat Capability (1998)	Naval Tonnage (1998)	Tactical Combat Aircraft (1998)
United States			✓	
NATO Allies				
Belgium				✓
Canada				
Denmark		✓		
France	✓			
Germany				
Greece	✓	✓	✓	✓
Italy	✓			
Luxembourg				
Netherlands				
Norway		✓		
Portugal	✓		✓	✓
Spain				
Turkey	✓	✓	✓	✓
United Kingdom			✓	
Pacific Allies				
Japan				
Republic of Korea	✓	✓	✓	✓
Gulf Cooperation Council				
Bahrain	✓	✓	✓	✓
Kuwait	✓	✓		✓
Oman	✓	✓	✓	✓
Qatar	✓	✓		✓
Saudi Arabia	✓	✓		✓
UAE	✓	✓		✓

* See note on previous page

Bahrain also contribute shares of host nation support significantly above their respective share of GDP.

- Only six nations in this Report meet the Congressional target for foreign assistance, aided in some instances by unavoidable anomalies in year-to-year reporting. When efforts are assessed based on ability to contribute, however, aid provided by one of these countries, the Republic of Korea, is well below average. All other countries that meet the Congressional target in Chart I-1 – Canada, Denmark, Luxembourg, Portugal, and Kuwait – also are assessed as making substantial contributions in Chart I-2, along with Belgium, France, Germany, the Netherlands, Norway, and the United Kingdom.

Finally, the Department's more comprehensive approach assesses nations' performance in the additional areas of military personnel and standing forces (ground, naval, and air). Although not addressed by the FY 1999 Defense Authorization Act, these categories are important to the shared security objectives of deterrence and self-defense, and have been evaluated by the Department in previous reports. Chart I-2 shows that most nations make substantial contributions in relation to their ability to contribute in at least one of these categories. Most notably, Greece, Turkey, the Republic of Korea, Bahrain, and Oman register substantial contributions in all four areas, while Portugal, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates achieve this distinction in three categories. In contrast, six nations (Canada, Germany, Luxembourg, the Netherlands, Spain, and Japan) fail to contribute substantially more than their relative share of GDP or labor force in any of these areas.

CONCLUSION

As stated in previous reports on this topic, the Department believes country efforts present a mixed but generally positive picture in terms of shouldering responsibility for shared security objectives.

The United States continues to maintain a close and systematic dialogue with allied governments at all levels concerning responsibility sharing strengths and weaknesses, and this in turn has contributed to an increased awareness of our concerns in allied capitals. We will persist in engaging allies in this manner, focusing on the need for increased attention to defense budgets and host nation support, and further strengthening of foreign assistance and participation in both bilateral and multilateral efforts to enhance our collective security. This is an evolutionary effort, and we will continue to press for progress across the board.

Finally, the Department continues to urge – in the interests of achieving a balanced assessment of nations' efforts – that short-term pass/fail objectives be supplemented with a review of longer-term trends based on countries' ability to contribute.

CHAPTER II

REGIONAL OVERVIEW AND CONTRIBUTIONS OF KEY ALLIES

This chapter places the Administration's responsibility sharing policy in strategic perspective, and describes U.S. security objectives, mutual security arrangements, and forward presence in the three regions most important to vital U.S. security interests: Europe, East Asia-Pacific, and Southwest Asia. The overview of Alliance and country contributions presented in this chapter is given further elaboration in Chapter III.

NATO ALLIES

Responsibility sharing in Europe cannot be understood without reference to NATO, the most successful security alliance in history. It is through and in connection with this unique enterprise that our transatlantic security partnership is given form and content, and allied responsibilities are defined, allocated, and shared.

Continued Transformation of the Alliance

The North Atlantic Treaty (also known as the Washington Treaty) provides the framework for United States involvement in the North Atlantic Treaty Organization (NATO). This year marks NATO's 50th anniversary of successfully guaranteeing transatlantic peace and security. NATO played a pivotal role in terminating the Cold War on terms favorable to the United States and our allies, ensuring security in the Mediterranean, and projecting Western power and influence into the Middle East and North Africa. The Alliance has also served as a useful forum for coordinating policies with respect to other parts of the world. Today, as it prepares to formally accept three new member nations – Poland, Hungary, and the Czech Republic – NATO remains a unique instrument for guiding change, deterring and managing crises, and applying military force where necessary.

The Alliance continues to serve as an irreplaceable mechanism for the exercise of U.S. leadership in international security affairs, and for the projection of American power and influence across the Atlantic and beyond. NATO provides the single most important vehicle for the coordination of national security policies and actions, both within and outside of Europe. An integrated political and military organization, the Alliance is the forum where the member states work out arrangements for shouldering political and military risks and economic costs, and for assigning and coordinating military roles and responsibilities.

NATO continues to transform itself in several important respects to meet the requirements of the post-Cold War era, with a direct and favorable effect on responsibility sharing within the Alliance. In early 1999 a new command structure will be implemented to enable allies to assume a greater share of the burden of command. In addition, NATO is making further progress in implementing the Combined Joint Task Force (CJTF) concept, developing lighter and more versatile structures with which to carry out its missions, and permitting the involvement of partners in NATO operations. Furthermore, arrangements are being concluded between NATO and the Western European Union (WEU) to enable our European allies to take

principal responsibility for a greater range of operations as part of the European Security and Defense Identity (ESDI). Finally, in response to a U.S. proposal, the Alliance is defining a "defense capabilities" initiative for adoption at the NATO Summit in April 1999. This initiative emphasizes improving interoperability and the incorporation of technological advances among allied forces in order to enhance their capability to fulfill the complete range of Alliance missions.

NATO's Role in the Balkans

NATO agreed in December 1998 to continue the Stabilization Force (SFOR) in order to build and sustain the secure environment necessary for the consolidation of the peace in Bosnia. All 16 NATO members are contributing to SFOR, along with the three new members, 11 other partner nations, special associates such as Russia and Ukraine, and even four non-European nations. Nearly 80 percent of contributed forces are non-U.S.

A principal example of allied responsibility sharing in the Balkans has been the role of NATO's Airborne Early Warning and Control Systems (AWACS) fleet. For more than three years, NATO AWACS have provided 24-hour airborne surveillance coverage in support of UN and NATO missions in the former Yugoslavia. (NATO AWACS also played a crucial role in the Gulf, flying surveillance orbits and even substituting for diverted U.S. AWACS as necessary.)

In response to the situation in Kosovo, the Alliance is providing an air verification regime in coordination with an OSCE ground verification mission. Our European allies, France in particular, have taken the lead in providing a 1,500-strong European-only Extraction Force (XFOR) in the neighboring former Yugoslav Republic of Macedonia (FYROM) to extract verifiers in an emergency. U.S. participation is limited to a few headquarters personnel.

Cost Sharing in the Alliance

Unique habits of cooperation have evolved in NATO over the past half-century. Thus, although our European allies do not offset the same percentage of U.S. stationing costs as do Japan and the Republic of Korea, they contribute significantly more toward sharing the military roles, as well as the overall political and economic costs, of protecting shared interests.

NATO's common-funded budgets have long been unique instruments for achieving defense objectives while reducing each country's costs through economies of scale and the development of joint projects. Common funding is among the oldest and most effective means of achieving U.S. responsibility sharing objectives. The United States, in view of its global commitments, participates in NATO's common-funded projects at a "discount" – i.e., the U.S. cost share (roughly 25 percent) is proportionately smaller than its share of NATO's collective GDP (nearly 50 percent). NATO currently has (or soon will have) common-funded capital projects underway worth approximately \$900 million that directly support U.S. forces in Europe and CONUS, for which the U.S. cost share is roughly \$250 million. Moreover, the U.S. share of NATO common-funded budgets will be reduced by roughly one percentage point, reflecting a pro rata offset for the contributions of the three new members, and increased participation by France and Spain. The common-funded budgets are a dramatic example, at the level of finances and resources, of the multiplier effect provided by NATO membership, which allows us to achieve cost-saving, coordinated actions among the member states.

The successful defense of our international security interests depends fundamentally on effective American leadership of NATO. The presence of significant numbers of U.S. forces in

Europe underpins that leadership and the military effectiveness of the Alliance. Forward basing strengthens peace and stability within the region and provides a platform for the projection of power and influence beyond Europe that is more immediate, credible, and cost-effective than basing in the continental United States.

Contributions of Selected NATO Allies

The remainder of this section describes notable responsibility sharing contributions of Germany, the United Kingdom, Italy, and France. Together, these nations host over 80 percent of our U.S. military personnel stationed in Europe, and account for about three-fourths of the defense spending of our European-NATO allies.

Germany

Germany's geographical location, economic strength, military capabilities and political influence make it a vital European ally. With one of the largest of NATO's armed forces in Europe (over 330,000), German military forces are modern, well-equipped, trained, and led, and are a major component of Alliance military capabilities. The new coalition government is planning to conduct a defense review to examine force structure and modernization requirements of the German military as it moves into the next century.

Reflecting growing readiness to participate in crisis management and peacekeeping operations, Germany is increasingly involved in providing forces for multilateral military missions. In 1998, Germany contributed troops to both NATO and UN missions in the former Yugoslavia, Africa, and Asia. In 1997, Germany took the unprecedented step of deploying a sizable contingent of combat troops to the former Yugoslavia as part of SFOR. Roughly 2,500 German forces are serving there, and Germany is also participating in verification flights over Kosovo. Germany's involvement in the Balkans represents a change in Bonn's approach to crisis management and a welcome strengthening of our political-security partnership. In addition to its financial contributions to UN missions, Germany actively participates in peacekeeping operations in the former Yugoslavia, on the Iraq-Kuwait border, and in Georgia.

German real defense spending was virtually unchanged in 1998 from the preceding year, but as a share of GDP dropped to 1.5 percent, down by almost half from its 1990 level of 2.8 percent. Pressure on the German defense budget remains strong, particularly in view of the country's difficult economic situation, European Monetary Union imperatives, continuing financial investments in eastern Germany, and assistance to former Soviet bloc countries. We remain concerned about current and projected German defense budget trends, and are urging the German government to give close attention to this matter.

Financially, Germany continues to play a unique role in supporting the successful democratization of Central and Eastern Europe, advancing security and stability as a result. In 1998, the Defense Ministry budgeted over \$23 million dollars on Soviet drawdown costs, bringing the total between 1991-1998 to nearly \$13 billion.

Since the end of the Cold War, Germany has provided by far the largest amount of assistance to Central and Eastern Europe and the Newly Independent States of the Former Soviet Union of any country addressed in this Report. This German assistance fell sharply in 1997, however, as long-term debt relief and special payment programs that were initiated in 1990

phased down or came to an end. Furthermore, during 1998, Germany contributed \$13 million for demining operations worldwide, over \$9 million to aid nuclear and chemical weapons dismantlement in the former Soviet Union, and \$5.4 million to the Korean Energy Development Organization (KEDO) - an international body committed to replacing North Korea's existing nuclear facilities with light-water reactors that will produce far less weapons-grade plutonium.

Typical of NATO allies generally, Germany contributes more to achieving shared interests in the areas of military roles and missions, political cooperation, and economic assistance than in cost sharing for forward deployed U.S. forces. Nevertheless, German cost sharing was estimated at approximately \$1.2 billion in 1997, almost all of which was in the form of indirect contributions. The German government now absorbs all landing fees for U.S. military aircraft, which - according to German estimates - saved the United States some \$18 million. Germany has also expanded host nation support for U.S. bases from which American soldiers have been deployed to Bosnia. This included additional police coverage in housing areas, social services for families, and security and logistical support for deploying forces.

United Kingdom

The United Kingdom remains one of our closest and most important allies, working in concert with the United States across a broad range of political and military issues both within NATO and bilaterally. A nuclear state with significant power projection capabilities, the United Kingdom brings to our security relationship not just a regional but also a global orientation, with over 25,000 forces stationed abroad.

The British defense budget was essentially constant in real terms between 1997-1998, and defense spending as a share of GDP (2.7 percent in 1998) remains among the highest in NATO. The United Kingdom provides substantial host nation support for stationed U.S. forces, almost entirely in the form of indirect contributions. British forces constitute the backbone of the Allied Command Europe (ACE) Rapid Reaction Corps (ARRC), and play a significant role both in NATO military missions as well as in peacekeeping operations under the auspices of the United Nations. The United Kingdom's recent Strategic Defense Review directed changes designed to make British military forces more deployable, sustainable, and flexible. The United Kingdom provides the third largest share of Allied naval tonnage relative to its GDP share, trailing only Greece and Turkey. Along with the United States, the United Kingdom is urging other allies to implement similar changes toward greater expeditionary capabilities.

In 1998 the British SFOR contingent numbered some 5,000 ground troops, second in size only to the United States contribution. The British are also participating in the Kosovo verification mission, and have earmarked forces for XFOR. The United Kingdom is the only ally to deploy offensive air power to the Gulf during the UNSCOM crises in February and November 1998, and assists in maritime interception operations in enforcement of the embargo. Additionally, British forces participate in coalition operations in Southwest Asia, including the enforcement of no-fly zones over northern and southern Iraq, and are also involved in UN-mandated operations in Cyprus, on the Iraq-Kuwait border, Bosnia and Herzegovina, the Central African Republic, and in Georgia. The United Kingdom is also a major provider of funding for UN peace operations, contributing the fourth largest share relative to its share of total GDP (after Italy, Belgium, and France).

The United Kingdom provided over \$3.8 billion in foreign assistance in 1997, one of only four NATO nations to register an increase in real terms from 1996 levels. The United Kingdom's objective is to continue increasing foreign aid to reach the UN target of 0.7 percent of GDP, compared to its 1997 level of 0.3 percent. The United Kingdom was the first European country to support KEDO, with a \$1 million contribution in 1995, and under a 1996 agreement between the EU and KEDO has agreed to pay KEDO an additional \$7 million over a five-year period.

The United Kingdom is heavily involved in counterproliferation efforts, including several projects (some jointly with the United States) to control nuclear, biological, and chemical weapons in Russia, and in Central European and former Soviet states. In addition, during 1998 the United Kingdom conducted over 1,000 military assistance activities with countries across Central and Eastern Europe.

Italy

Italy contributes actively to our security partnership, both through NATO and bilaterally. Italy is a major staging and logistics base for operations in and beyond the immediate region. Relative to Europe's central region, Italy has always possessed the military advantage of strategic depth, while at the same time providing a key front-line presence in the Mediterranean region. Italy hosts U.S. forces and contributes significantly to U.S. power projection capability into and throughout the region. NATO air bases in Italy, for example, have provided essential staging and transportation points for SFOR operations in Bosnia.

Italian real defense spending in 1998 stayed at its 1997 level, as did the ratio of defense spending to GDP (2.0 percent). Italy's host nation support for U.S. forces during 1997 was estimated at nearly \$1.1 billion, consisting almost entirely of indirect contributions.

Italy's NATO missions include its commitment of 2,000 military personnel to SFOR, participation in verification flights over Kosovo, and contributions to XFOR. During 1998 Italy also participated in UN operations in Jerusalem, Bosnia and Herzegovina, Lebanon, on the Iraq-Kuwait border, in the Western Sahara, and on the India-Pakistan border. It also made the largest financial contributions to UN peace support operations, relative to its share of total GDP, of any nation covered in this Report. Italy's total foreign assistance in 1997 was \$1.5 billion, a sharp decrease of over 45 percent from 1996 levels.

Finally, Italy took significant steps in 1998 to promote cooperative security relationships throughout Europe, forming a joint amphibious brigade with the Spanish and a joint maneuver brigade with Slovenia and Hungary. Italy also signed defense cooperation accords with the Czech Republic, Slovenia, Poland, Macedonia, Georgia, Romania, and Slovakia, covering a range of training activities, provision of excess defense articles, and joint military exercises.

France

France carries an important share of the burden of defending Western interests, and maintains substantial defense spending levels. However, France was one of seven NATO nations (including the United States) to register a decline in real defense spending in 1998 (-2.4 percent). French defense spending relative to GDP was 2.8 percent in 1998, a modest decrease

from 1997. Despite its often ambiguous relationship to the NATO alliance, France retains considerable military power and thus contributes substantially to the Alliance's deterrent posture.

France makes noteworthy contributions to international peacekeeping, and has committed 2,500 troops to SFOR missions – the third largest contingent after the United States and the United Kingdom. France is a key participant in verification flights over Kosovo, and is in command of XFOR, the first time France has commanded a NATO operation. In addition to its NATO missions, during 1998 France participated in UN missions in Jerusalem, Bosnia and Herzegovina, Lebanon, the Iraq-Kuwait border, the Western Sahara, Angola, Georgia, Haiti, and the Central African Republic. In addition, France also contributes the third largest share of UN peace operations funding, relative to its share of GDP (trailing only Italy and Belgium). In 1997, France contributed over \$6.5 billion in foreign assistance, ranking third among all nations in this Report, behind the United States and Japan.

French Reaction Forces are among the largest of any nation addressed in this Report. These include the *Force d'Action Rapide*, which comprises 1 airmobile, 1 parachute, and 2 light armored divisions, and the *Force d'Action Navale*, which includes an aircraft carrier, 9 surface combatants, and several nuclear attack submarines and replenishment auxiliaries.

PACIFIC ALLIES

Our key security relationships in Asia are with Japan and the Republic of Korea. As is the case with NATO in Europe, these alliances grew out of the experience of World War II and the early years of the Cold War. Like NATO, these two bilateral relationships were instrumental in helping to manage Cold War realities and are now adapting not just to a fundamentally altered global geopolitical situation, but to emerging challenges and opportunities in the region.

At the heart of both alliances is the continued presence of significant numbers of U.S. troops: 47,000 in Japan and over 36,000 in Korea. These forces play a vital role in contributing to peace and security in the region, and are a tangible expression of vital American interests in Asia, and of U.S. will and capability to defend those interests in concert with our allies.

In view of the constraints that influence the policies and capabilities of both countries – in Korea the division of the peninsula and the threat of conflict, and in Japan the constitutional restrictions that strictly limit the scope of its military activities – their responsibility sharing has focused more on assuming a substantial share of U.S. stationing costs and less on other aspects, such as active participation in shared regional and global military roles and missions.

The United States maintains multi-year cost-sharing agreements with both countries. These accords build effectively on past arrangements and provide for significant and increasing host country participation in cost sharing. This welcome contribution is critical not only to maintaining the military readiness of our deployed forces, but also for sustaining the political support that is essential to forward stationing, and thus to our ability to project U.S. power and influence in defense of shared interests. Bear in mind that recent fluctuations in exchange rates in this region have resulted in decreases in the dollar value of the cost sharing estimates described below. This affects cost sharing estimates for Japan in particular, since all Japanese direct cost sharing is conducted in yen.

Japan

Our bilateral alliance with Japan (the Treaty of Mutual Cooperation and Security Between the United States of America and Japan of 1960) is the key to our security strategy in the Asia-Pacific region, and is crucial to the forward deployment of U.S. forces there. Countries throughout the region view the alliance as a major element of stability and security. Japan is expanding cooperation with the United States and is taking an increasingly active role in international affairs. Although Japan spends less on defense as a share of GDP than any other major ally (1 percent), because of the size of its economy, it ranks third in defense expenditures among all the countries in this Report, and fourth worldwide.

Cost sharing in support of stationed U.S. forces remains Japan's most significant responsibility sharing contribution. Its host nation support is the most generous of any U.S. ally. Department estimates of Japan's cost sharing in support of U.S. forces for 1997 ranged from \$3.7 to \$4.3 billion (\$4.9 billion according to State Department sources), covering 75 % of U.S. basing costs.

The five-year (1996-2001) bilateral Special Measures Agreement (SMA) was concluded in 1995. Under the terms of the SMA, Japan pays virtually all of the costs of local national labor employed by U.S. forces, as well as the costs of public utilities on U.S. bases. In addition, the SMA covers the costs of transferring U.S. training activities from U.S. bases to other facilities in Japan when the Government of Japan requests such transfers. U.S. Forces Japan reports that in 1997 Japan provided between \$0.9 and \$1.5 billion (depending on the source) under the SMA.

Under the separate Facilities Improvement Program (FIP), Japan voluntarily provides substantial funding for quality-of-life projects, including housing, community support and recreation facilities, and utilities upgrades. In recent years Japan has also shown increased flexibility under the FIP in constructing direct operational facilities, such as hangars and hardened aircraft shelters. In 1997 Japan provided approximately \$0.9 billion for construction, restoration, and maintenance of facilities. In addition, in 1997 Japan also provided \$630 million in rents and around \$580 million for vicinity improvements.

We estimate that under the SMA, the value of Japan's direct cost sharing (at 1997 exchange rates) will approximate \$1.5 billion per year through 2001, or \$7.5 billion over the life of the agreement. Over the same five year period, Japan's direct and indirect cost sharing, including foregone taxes, rents, and revenues, will be \$4 to \$5 billion per year.

In addition to its contributions to cost sharing, Japan's evolving international role means greater involvement in multinational efforts to promote regional and global stability. The Japanese actively support crisis management and nation-building efforts around the world. Japan has the second largest foreign assistance budget of any nation in this Report. In 1997, Japan provided \$9.4 billion in official development assistance, which represents 0.24 percent of its GDP. However, Japan has announced plans to cut foreign assistance by 10 percent over three years. Japan also aided East Asian economies affected by the current financial crisis – over 45 billion so far, with another 30 billion to be dispersed. Japan also pledged \$2 million in assistance to Central America in the wake of Hurricane Mitch, including the dispatch of over 200 Self-Defense Force personnel to provide assistance in Honduras. Japan has pledged \$200 million to Palestinian economic development over the next two years.

Japan is a founding member of the KEDO, and to date has contributed \$32 million to KEDO in support of nuclear nonproliferation efforts on the Korean Peninsula. In addition, Japan has pledged \$1 billion in loans for construction of light water reactors in support of the U.S.-North Korea Agreed Framework.

On April 17, 1996, President Clinton and Prime Minister Hashimoto signed the U.S.-Japan Joint Declaration on Security, which reaffirmed both countries' continuing commitment to our security alliance. In September 1997, the two countries adopted the Guidelines for U.S.-Japan Defense Cooperation. When fully implemented, the Guidelines will provide greater Japanese support for U.S. operations in a regional contingency. In December 1998, the Japan Security Council approved a plan for joint TMD technical research with the U.S. focusing on a sea-based TMD system. The plan requested \$8.4 million in research funding for 1999; Diet approval of the funding request is pending.

The Republic of Korea

Our security relationship with the Republic of Korea (formally known as the Mutual Defense Treaty Between the United States of America and the Republic of Korea) remains central to the stability of the Korean Peninsula and Northeast Asia. U.S. forces stationed in the ROK contribute significantly to the security and territorial integrity of the country, and are a tangible manifestation of U.S. support for peaceful change and democratic evolution in the region.

The 1995 Special Measures Agreement (SMA), which outlines ROK contributions toward non-personnel stationing costs incurred by the United States, specified increasing ROK direct contributions from \$330 million in 1996 to \$399 million in 1998. However, a serious Asian financial market crisis in late 1997 took its toll on the Korean economy and significantly reduced the value of the Korean won relative to the dollar. In order to preserve the SMA while taking into account the impact of the financial crisis on the value of the won, Secretary Cohen assured the ROK leadership that we would not profit from the situation and agreed to the principle, "No windfall, No shortfall." Accordingly, the United States agreed to adjust the ROK's 1998 direct contribution to \$314 million, a level that retains the value, or purchasing power, of the original ROK obligation, while taking into account new exchange rate realities.

In December 1998, U.S. Forces Korea (USFK), the U.S. Embassy, and the ROK Ministry of National Defense reached a new multi-year SMA agreement continuing from 1999-2001. The SMA calls for a ROK contribution of \$333 million for 1999 with increases in 2000 and 2001, based on growth in ROK GNP and inflation. Payments for the years 2000-2001 would be figured by adding the percentage of ROK GNP change plus the inflation rate for the previous year, to determine the percentage increase for that year.

In an effort to validate the ROK's methodology in calculating their indirect cost-sharing contribution, USFK has conducted a valuation estimate and analysis of foregone land rents, based on recommendations made during the 1997 SMA Implementation Review. This survey estimated the foregone rent to ROK for U.S.-controlled exclusive-use land. USFK estimates total indirect cost-sharing for 1997 at \$386 million.

Apart from cost sharing, the ROK makes major contributions to regional security by maintaining strong, modern armed forces. In 1998 the Republic of Korea devoted 3.2 percent of its GDP to defense, down marginally from 1997. ROK annual defense spending has grown by

36 percent since 1990, compared to a decline of nearly 25 percent for all other Pacific and NATO nations combined, and a reduction of 29 percent for the United States over this period.

Because of the security situation on the Korean Peninsula, Seoul's defense effort continues to focus on the maintenance and improvement of military readiness. As such, the ROK does not participate extensively in military roles and missions, including combined operations, elsewhere in the region and beyond. Furthermore, economic constraints limit the ROK's ability to make large contributions to foreign assistance. However, since 1995 the ROK has contributed \$62.1 million to KEDO. Of this amount, \$45 million was in the form of loans in support of shared nonproliferation goals under the U.S.-North Korea Agreed Framework. Moreover, the ROK is committed to playing the central role in funding the cost of the light water reactors to be constructed in North Korea by KEDO. The ROK contribution will cover about 70% of the estimated \$4.6 billion in construction costs for the project.

GULF COOPERATION COUNCIL

The U.S. security strategy in Southwest Asia remains one of engagement, forward presence, and rapid response. We seek to sustain and adapt security partnerships with key states throughout this critical region, broaden the economic and cultural underpinnings of these relationships, and promote peaceful settlement of regional disputes before they erupt into conflicts that could threaten our interests. Acting alone, neither the United States nor its partners in the region can ensure the security of Southwest Asia. Collective efforts are essential.

The security framework in which we operate in Southwest Asia is strikingly different from those in other regions of vital interest to the United States. Here we have no formal bilateral or multilateral defense treaties, but instead rely on a range of executive agreements for military access, prepositioning, and status of forces. The United States has no military bases of its own in the region.

Our principal security partners in this region are the member states of the Gulf Cooperation Council (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. These nations carry a substantial proportion of the defense load – each having a lower (and in some cases, substantially lower) per capita GDP than the average of all nations addressed in this Report, yet spending more (to substantially more) of their GDP on defense than the average. As a result, the contributions of the GCC states to military personnel and standing forces far exceed their share of total GDP of all countries included in this Report. In spite of these laudable efforts, there remains a substantial disparity between the military forces of the GCC states and those of their principal antagonists in the region.

Due to this imbalance, the United States continues to urge the Gulf countries to work closely with other moderate Arab states to enhance their collective ability to defend the region. The first step in this direction was taken immediately following the Gulf War, when the six GCC members plus Egypt and Syria (the so-called “GCC+2”) pledged to enhance their common defense capabilities in the 1991 Damascus Declaration.

Our GCC partners also contribute to regional security by providing U.S. forces the use of military facilities, transit rights, and other forms of access. Bahrain, for example, has provided port facilities for U.S. naval forces for 50 years; it also hosts the headquarters for U.S. Naval Forces Central Command, furnishes facilities for prepositioned equipment, and has granted rapid

access for U.S. military aircraft when needed. Oman has also permitted the United States to preposition equipment on its territory, and has granted access to its military bases since 1980. Since the Gulf War, defense cooperation agreements permitting access and prepositioning have been signed with Kuwait, Bahrain, Qatar, and the United Arab Emirates. Under the agreement with Kuwait, that nation has agreed to offset U.S. prepositioning and exercise costs. Saudi Arabia also provides access to U.S. forces and has made substantial contributions to offset the cost of U.S. military operations in the region enforcing UN sanctions on Iraq. In addition, since November 1995 both Bahrain and Qatar have hosted several Air Expeditionary Force deployments in support of Operation Southern Watch.

CHAPTER III

ASSESSMENT OF COUNTRY CONTRIBUTIONS

This chapter presents the Department's detailed assessment of allied and partner countries' contributions to shared security objectives. Countries are assessed according to the criteria specified in the FY 1999 Defense Authorization Act, and also according to measures and methodologies from past reports to ensure a comprehensive, balanced evaluation.

The responsibility sharing targets established by the FY 1999 Defense Authorization Act (P.L. 105-85, Section 1221) are listed below:

- Increase defense spending share of GDP by 10 percent over the previous year, or to a level commensurate with that of the United States.
- Increase military assets contributed or pledged to multinational military activities.
- Increase offsets of U.S. stationing costs to a level of 75 percent by September 30, 2000.
- Increase foreign assistance by 10 percent over the previous year, or to a level equal to at least one percent of GDP.

In addition to measuring country contributions against these short-term, "pass/fail" targets, this chapter also provides a more comprehensive assessment based on countries' *ability to contribute* and reflecting *trends* in country efforts. Also included is an assessment of military personnel and standing forces as key measures of a country's contribution to shared security objectives. Finally, although an assessment of U.S. efforts is not specified in the Authorization Act, this chapter addresses U.S. contributions for purposes of completeness and balance.

The following assessments are based on the most recent, complete, and reliable data available. Notes on uses and sources of these figures, and a country-by-country summary of selected responsibility sharing statistics, can be found in the Annex, along with a compendium of supporting data.

DEFENSE SPENDING

The Department has long maintained that any attempt to assess responsibility sharing must consider nations' contributions to the common defense in terms of their *ability to contribute*. This is a sound principle made all the more important by large differences in economic performance, population, and standards of living that exist among our allies.

Chart III-1 shows the wide range of per capita GDP in 1998 among the nations addressed in this Report -- from around \$3,000 in Turkey to over \$36,000 in Luxembourg. In light of such disparities in standard of living, "equitable" defense spending among nations may not necessarily mean that each nation should devote the same level of its national wealth to defense. That is, it may be more "fair" for nations with the strongest economies and wealthiest populations to carry a proportionately larger share of the burden of providing for the common defense.

Chart III-1 shows, however, that most of the countries addressed in this Report that have below-average per capita GDP spend above-average shares on defense (such as all of the GCC countries, Greece, Turkey, and the Republic of Korea), while most of those that have above-average standards of living, spend below-average shares of their GDP for defense (including Luxembourg, Norway, Denmark, Japan, and Germany).

Chart III-1
Defense Spending as a Percentage of GDP vs. Per Capita GDP
1998

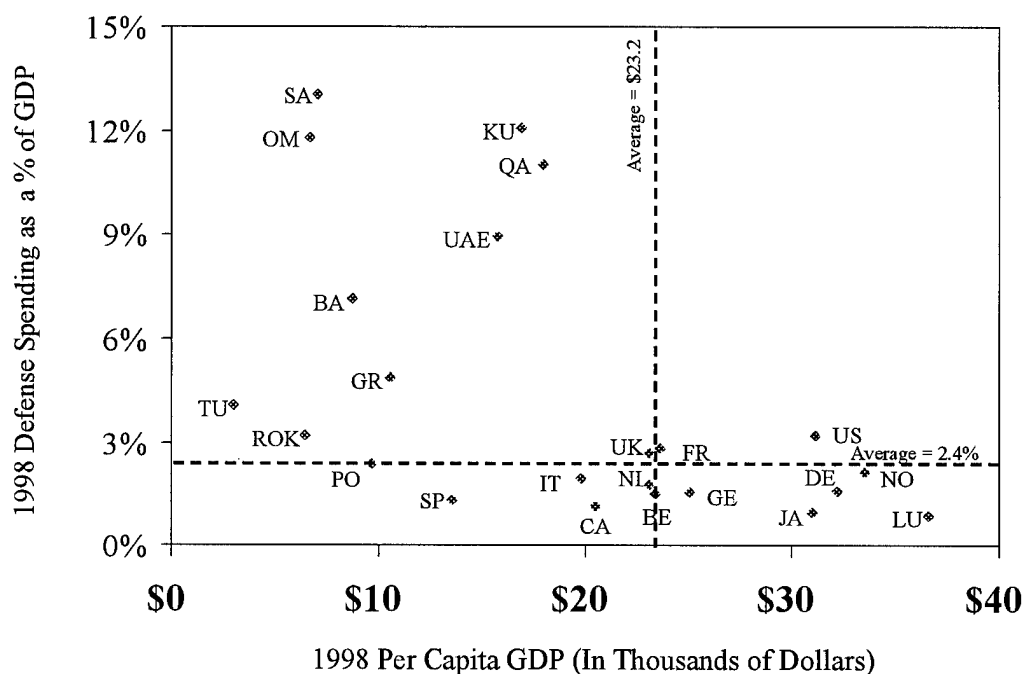


Chart III-2 depicts defense spending trends from 1990-1998 for the United States, our NATO and Pacific allies, and our GCC partners. The chart shows that over this period defense spending declines have been steepest for the United States, and that defense spending cuts by our NATO allies as a group have leveled off in recent years. Steady growth in defense expenditures is reflected for our Pacific allies and, following the Gulf War, for our GCC partners as well.

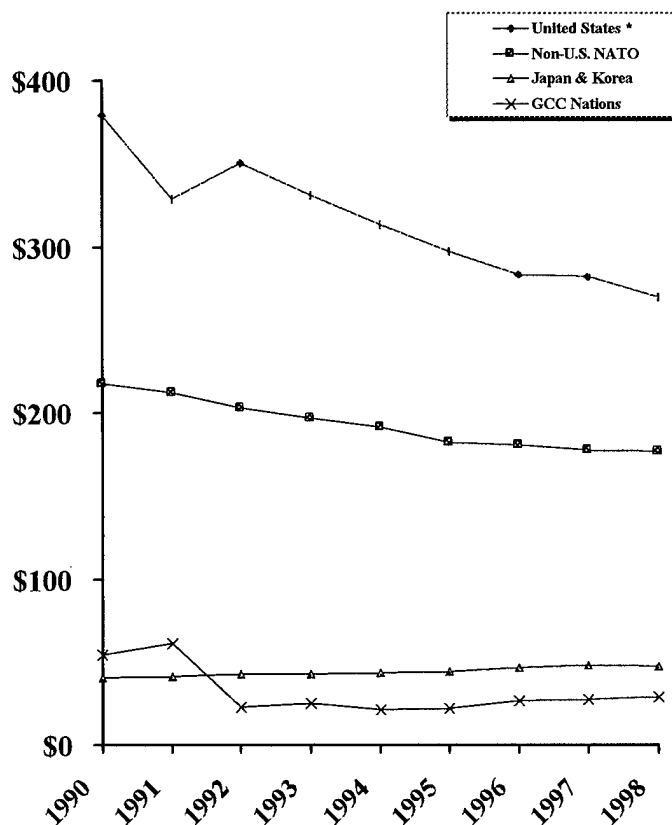
Budgetary pressures continue to strain defense programs in the United States and among our allies. Economic factors have exacerbated these pressures in Europe (rigorous European Monetary Union criteria and continuing high unemployment) and the Pacific (the ongoing financial crisis).

Excluding the GCC countries, whose defense spending in 1990-1991 was seriously distorted due to the Gulf War, combined real defense spending for nations addressed in this Report dropped by over 20 percent between 1990 and 1998, reflecting adjustments to the post-Cold War security environment. Largest declines during this period were experienced by Canada (-33 percent), Germany (-31 percent), the United States (-29 percent), the United Kingdom (-28 percent), and Belgium (-27 percent). In contrast, several nations achieved real increases in their

defense budgets over this period – the Republic of Korea (36 percent), Luxembourg (32 percent), Turkey (31 percent), Greece (21 percent), Japan (13 percent), and Portugal (1 percent).

Between 1997 and 1998, nine of the countries addressed in this Report achieved real defense spending growth, with biggest gains posted by the United Arab Emirates (49 percent), Bahrain (38 percent), and Greece (9 percent), Luxembourg (6 percent), and Turkey (5 percent). Refer to Table E-4 in the Annex for further information on defense spending trends.

Chart III-2
Defense Spending
1998 Dollars in Billions - 1998 Exchange Rates



* NOTE: U.S. defense outlays in 1991 were artificially depressed due to large allied cash contributions credited for Operation Desert Shield/Desert Storm.

Certain expenditures outside of defense budgets also promote shared security interests, and should be recognized – such as Germany's investments in the infrastructure of eastern Germany and its financial support for economic and political reform in the new democracies in Central Europe. Nonetheless, it is essential that our allies maintain their defense budgets at appropriate levels, in order to ensure that they remain able to field effective military forces. In our discussions with allies and partners the Department continues to urge sustained efforts in this area.

Defense Spending as a Percentage of GDP

Defense spending relative to GDP combines the most comprehensive indicator of defense effort with the most comprehensive indicator of ability to contribute. However, this indicator should not be viewed in isolation from other national contributions to shared security objectives.

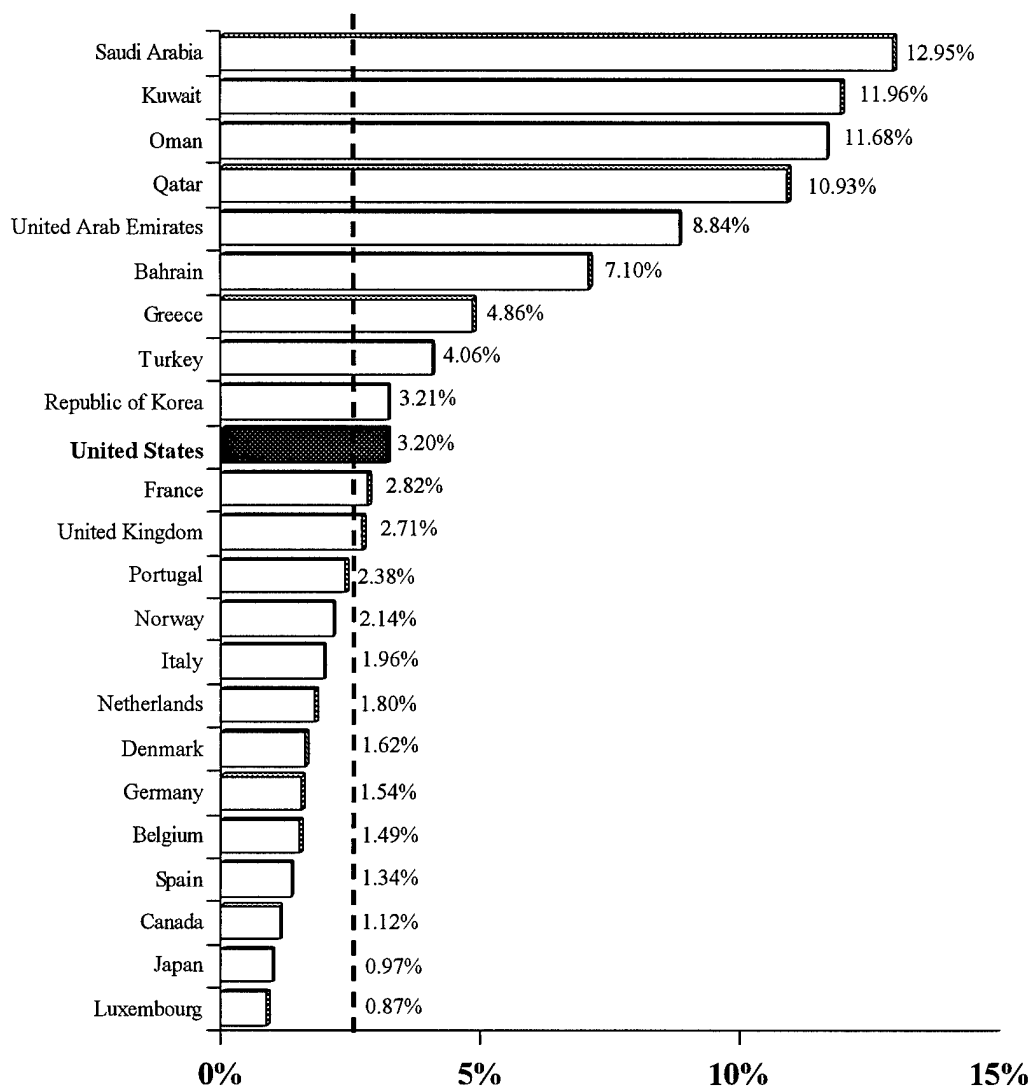
Chart III-3 shows the percentage of GDP spent on defense by the United States and our allies in 1998. (Trend data since 1990 are found in the Annex in Table E-5.) The pattern reflected for 1998 remains much the same as it has been throughout the 1990s: the GCC nations, along with Greece and Turkey, spend the highest percentage of GDP on defense, while Japan, and several of our NATO allies (Luxembourg, Canada, Spain, Belgium, Germany, and Denmark) spend the lowest share of GDP on defense.

- Since 1990, U.S. defense spending relative to GDP has declined from over 5.3 percent to 3.2 percent. During this period, non-U.S. NATO defense spending relative to GDP has risen from slightly over half of the U.S. level to two-thirds.
- In 1998, Greece and Turkey once again exceeded all other NATO nations in defense spending relative to GDP, and Greece was also one of only three Alliance members that experienced growth in this indicator (6 percent) during 1998 – the others were Luxembourg (2 percent) and Norway (1 percent).
- Among NATO nations, France and the United Kingdom are consistently near the top in terms of their defense spending as a share of GDP, trailing only Greece, Turkey, and the United States in this measure in 1998. On the other hand, Germany – which ranked sixth among NATO nations in this measure at the end of the Cold War – now ranks 11th, ahead of only Belgium, Spain, Canada, and Luxembourg.
- Although the percentage of GDP that Japan spent on its constitutionally-limited defense forces remained around 1 percent in 1998, Japanese defense spending remains the third highest of all the countries in this Report, behind that of the United States and France. The Republic of Korea's defense spending in 1998, and its defense spending/GDP ratio, both declined slightly from 1997.
- The six GCC nations present a mixed picture in 1998. Four GCC nations achieved increases in the share of GDP dedicated to defense, including Saudi Arabia, which has the highest such ratio of any nation in this Report (13 percent). Ranked next are Kuwait, Oman, and Qatar, although Kuwait and Qatar experienced declines in their defense/GDP ratio in 1998. The United Arab Emirates and Bahrain registered the largest relative increases in the share of GDP dedicated to defense of any country in this Report (66 and 36 percent, respectively).

Chart III-3

Defense Spending as a Percentage of GDP

1998



Dashed line represents the defense spending/GDP ratio at which a country's share of aggregate defense spending equals its share of aggregate GDP. Countries at this level are contributing their "fair share" of defense spending. Countries above this level are contributing beyond their "fair share," and conversely.

See Annex, Section C.

The dashed vertical line shown in Chart III-3 helps address the issue of equity among countries' defense efforts, by comparing contribution with ability to contribute. The line almost intersects the bar shown for Portugal, which signifies that Portugal's share of total defense spending (contribution) is commensurate with its share of total GDP (ability to contribute). With regard to defense spending, Portugal's is thus doing roughly its "fair share" among the countries addressed in this Report. The United States and countries shown above the U.S. in this chart (the Republic of Korea, Turkey, Greece, and the GCC countries) are doing substantially more than their "fair share," with defense spending contributions in excess of their respective GDP shares by 20 percent or more. Conversely, Italy and those countries listed below it in this chart (the Netherlands, Denmark, Germany, Belgium, Spain, Canada, Japan, and Luxembourg) are doing substantially less than their "fair share." See Section C of the Annex for statistics relating countries' contributions to their ability to contribute.

Assessment of Defense Spending Contributions

In the FY 1999 Defense Authorization Act, Congress established two targets for our allies in the area of defense spending relative to GDP: increase this ratio by 10 percent compared to the preceding year, or achieve a level of defense spending as a percentage of GDP at least commensurate with that of the United States. In 1998, nine nations addressed in this Report met one or both of these targets: the United Arab Emirates and Bahrain increased their defense spending/GDP ratio by more than 10 percent in 1998, while all GCC nations, along with Greece, Turkey, and the Republic of Korea, registered shares of GDP for defense on par with or greater than that of the United States.

The targets embodied in the FY 1999 Defense Authorization Act are a sound basis upon which to assess country efforts. However, when consideration is given to ability to contribute, the United States joins the nine countries listed above in making a substantial responsibility sharing contribution in the area of defense spending (see Chart III-3).

These assessments are summarized in Chart I-1 and I-2.

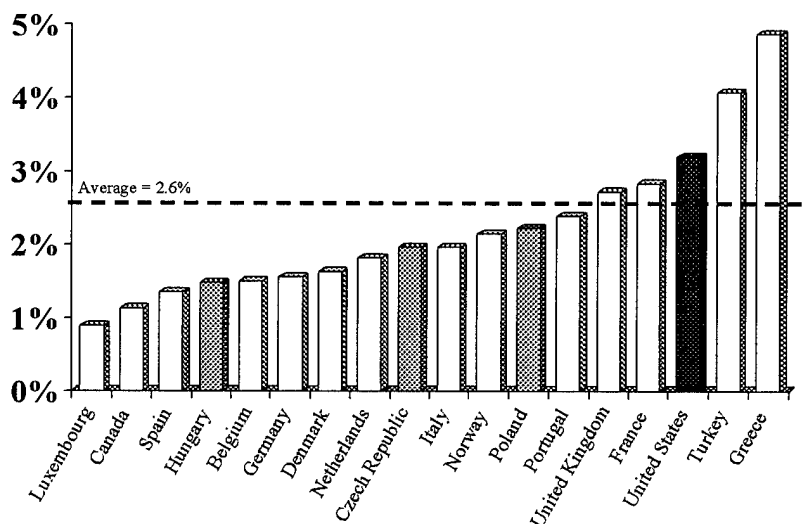
Contributions of New NATO Members

At the Madrid summit in July 1997, NATO extended invitations to the Czech Republic, Hungary, and Poland to begin accession negotiations, and in December 1997, NATO foreign ministers signed protocols of accession with the three invited nations, opening the way for national legislatures to begin ratification proceedings. As this report goes to press, the ratification process has concluded and these three nations are now NATO's newest members.

Due to the timing of their accession into NATO, the defense efforts of the Czech Republic, Hungary, and Poland will not be addressed in depth in this Report until next year's edition. However, in order to provide some context for assessing the relative defense effort of these nations, a brief comparison of their defense spending contributions and ability to contribute, relative to those of the United States and other NATO members, is presented below.

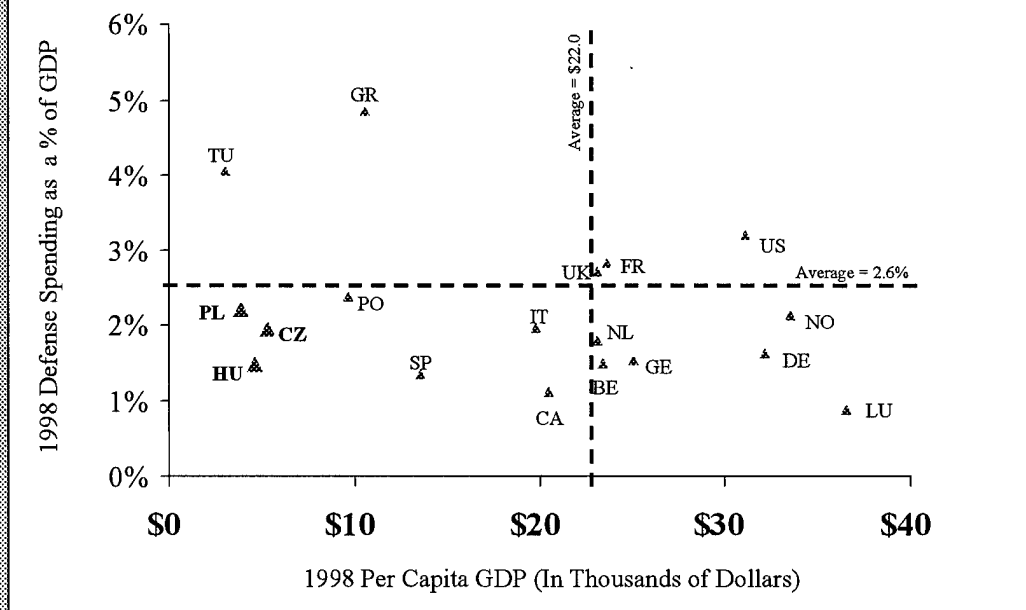
Chart III-4 is a variation on Chart III-3, comparing percentages of GDP devoted to defense for the three new members to those of the other NATO nations. The chart shows that in 1998 the share of GDP dedicated to defense for Poland and the Czech Republic exceeded that for at least half of the other allies, but remained below the NATO average.

Chart III-4
Defense Spending as a Percentage of GDP
NATO and New Member Countries
 1998



To achieve a more balanced view of this statistic, however, it is useful to consider the added dimension of standard of living. This is done in Chart III-5, which shows for all NATO nations, including the new members, how their respective defense effort (measured by defense spending as a share of GDP) relates to their standard of living (measured by GDP per capita). This perspective reveals that the GDP share devoted to defense among the three new members is roughly equal to the share provided by a number of allies with higher (and in some cases, substantially higher) standards of living.

Chart III-5
Defense Spending as a Percentage of GDP vs. Per Capita GDP
NATO and New Member Countries
1998



MULTINATIONAL MILITARY ACTIVITIES

As highlighted in the current national security strategy (October 1998), a diverse set of political, economic, and ethnic instabilities continue to threaten regions of vital strategic interest to the United States. Our strategy has three principal objectives: to *shape* the security environment, *respond* to potential crises, and *prepare* to meet future uncertainties. A key element in this integrated approach is to maintain and improve our ability, and that of our allies, to respond rapidly and multilaterally both to conventional military aggression and to lesser threats that endanger common interests. Enhancing capabilities to conduct multinational peacekeeping and humanitarian relief operations is particularly important, since operations of these types have been proliferating since the end of the Cold War. During 1998, for example, U.S. and allied military personnel served in such operations in Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Cyprus, the Golan Heights, along the India-Pakistan and Iraq-Kuwait borders, and in Lebanon, Georgia, Tajikistan, Western Sahara, Angola, Sierra Leone, and the Central African Republic.

The Department's assessment of countries' contributions to multinational military activities therefore addresses their ability to provide specialized military forces for peacekeeping and humanitarian relief operations, as well as for multinational defense missions. This assessment also considers participation in and funding for ongoing UN peace support operations.

Multinational Reaction Forces

Of the countries in this Report, our NATO allies make by far the most substantial contribution of specialized units earmarked for multinational military missions. In accordance with NATO's post-Cold War strategic concept, Alliance members have begun to develop forces that can be rapidly transported to remote theaters of operations; function despite a lack of pre-established lines of communication and host nation support; and fight effectively in multinational formations at the corps and even division level. NATO has organized these capabilities into Reaction Forces, which include multinational commands and formations such as the Allied Command Europe (ACE) Mobile Force (Land) and the ACE Rapid Reaction Corps (ARRC) (see Chart III-6) for ground forces, and the Immediate and Rapid Reaction Forces (Air). The United Kingdom is by far the largest single contributor to the ARRC, providing 2 divisions, an airmobile brigade, and the lion's share of the corps' logistical and administrative "support."

Additionally, NATO maintains standing maritime Immediate Reaction Forces in the Atlantic and the Mediterranean. The Standing Naval Force Atlantic (STANAVFORLANT) consists of 6 to 10 destroyers and frigates, with Canada, Germany, the Netherlands, the United Kingdom, and the United States each contributing 1 ship on a permanent basis. These are joined periodically by ships from Belgium, Denmark, Norway, Portugal, and Spain. STANAVFORMED is organized and operates along similar lines, with destroyers and frigates provided by Germany, Greece, Italy, the Netherlands, Spain, Turkey, the United Kingdom, and United States. NATO also maintains a standing multinational minesweeping force, Standing Naval Force Channel (STANAVFORCHAN).

NATO's Reaction Forces are intended, first and foremost, to protect Alliance territory against military aggression and other challenges to collective security. However, the recent

operations in the former Yugoslavia clearly demonstrate that NATO's Reaction Forces are capable of meeting European contingencies beyond the Alliance's borders. This capability will be enhanced as NATO's Combined Joint Task Force (CJTF) concept continues to mature.

Chart III-6
Country Contributions to ACE Rapid Reaction Corps (ARRC)

NATO Member	Maneuver Brigade Equivalents	Non-Organic CS/CSS Brigade Equivalents
Belgium	1	
Canada		
Denmark	1	0.1
Germany	3	
Greece	3	
Italy	5	1.0
Netherlands	1	0.7
Portugal	1	
Spain	3	
Turkey	3	0.3
United Kingdom	11.7	7.3
United States	3	2.7
TOTAL	35.7	12.1

France makes no contributions to NATO's Reaction Forces because its armed forces do not participate in the Alliance's integrated military command structure. However, it maintains large, well-equipped rapid-reaction formations under national command. These include the *Force d'Action Rapide (FAR)*, which comprises 1 airmobile, 1 parachute, and 2 light armored divisions, and the *Force d'Action Navale (FAN)*, made up of an aircraft carrier, 9 surface combatants, and several nuclear attack submarines and replenishment auxiliaries. Elements of the FAR and FAN have served alongside NATO Reaction Forces units during operations in the former Yugoslavia and the adjacent waters of the Adriatic Sea.

Japan and the Republic of Korea have no counterparts to the large, multinational reaction forces provided by our NATO allies. This reflects the very different security situation in Northeast Asia, the bilateral character of our security relationships with the two countries, and the fact that U.S. responsibility sharing policy in this region places greater emphasis on cost sharing than on global military roles and missions. Nevertheless, Japan agreed to assume a larger role in regional affairs in the U.S.-Japanese Joint Declaration on Security in April 1996, and the Republic of Korea has increased its contributions to collective defense through force modernization and the assumption of greater command responsibilities for combined U.S.-ROK forces.

The United States encourages its GCC security partners to strengthen their provisions for multilateral defense of the Gulf region. However, post-DESERT STORM plans to expand the GCC's standing, brigade-sized Peninsula Shield Force (which is forward-deployed near the Iraqi border in northeastern Saudi Arabia) to over 20,000 personnel have not yet been implemented, and the existing formation is not maintained at full strength. However, progress has been made in recent years toward the objective of establishing an integrated regional air defense system. The

United States is also working with the GCC to overcome impediments to closer military cooperation with other Arab nations.

In order to allow more direct comparisons among nations, and gain provide insight into what constitutes equitable contributions, Chart III-7 depicts each nation's share of multinational reaction forces (average of ground, naval, and air forces) relative to its share of GDP. Over half the nations covered had shares significantly (at least 20 percent) greater than their GDP shares, most notably Greece and Turkey. Portugal, Denmark, the Netherlands, Bahrain, Norway, Belgium, the United Kingdom, Spain, Italy, Kuwait, Qatar, and France also provided disproportionately large shares of multinational reaction forces relative to their GDP share.

Percentage changes in each country's ratio from 1997 to 1998 are also listed on the chart. These show that Germany, Greece, Luxembourg, and Turkey all achieved increases of 5 percent or more in this indicator, with several other nations registering smaller gains.

Unfortunately, Chart III-7 cannot portray ongoing efforts designed to achieve *qualitative* improvements in multinational reaction forces. Germany, for example, announced plans to establish tri-service Crisis Reaction Forces (*Krisen-Reaktions-Krafte*, or *KRK*) in 1995. The 56,000-strong *KRK* – which comprise 6 combat aircraft squadrons, 6 maneuver brigades, and a large naval contingent – are being restructured and re-equipped for rapid deployment, and will be manned exclusively by professionals and conscripts who have volunteered to serve in them.

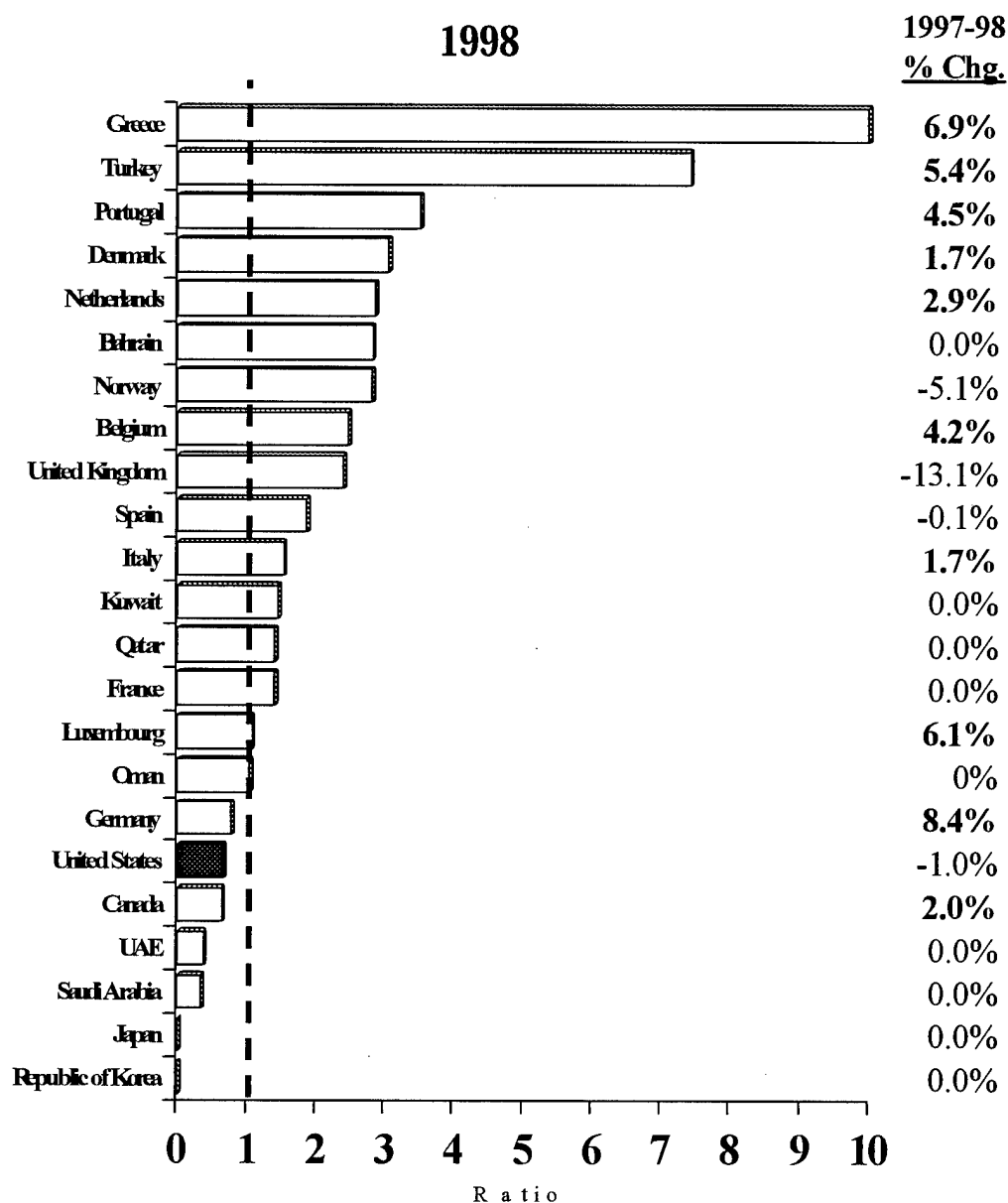
Similar programs designed to create high-readiness, all-volunteer formations equipped and configured for rapid deployment (including beyond NATO's borders) are either planned or underway in several other NATO nations. Greece plans to transform its Army Corps B into a Rapid Reaction Force (RRF) comprising 1 marine and several mechanized brigades, a newly-established army aviation brigade, and 5 airborne and commando battalions. The Italian Army is likewise converting its 3rd Corps HQ into a Projection Forces (*Forze di Poiezione*, or *FOP*) headquarters that will command 3 all-professional brigades and the San Marco Marine Regiment.

The United Kingdom's 1998 Strategic Defense Review detailed plans to combine all deployable, high-readiness assets in the new Joint Rapid Reaction Forces (JRRF). Another planned enhancement involves the conversion of the 5th Airborne Brigade into a mechanized brigade. This will establish a force structure of 6 heavy brigades in 2 divisions, each of which will be able to maintain 1 brigade at high readiness and another in collective training, while contributing a third to contingency operations such as SFOR. The Strategic Defense Review also calls for the addition of 2,000 new regular CS/CSS personnel to enhance Britain's capability to engage in contingency operations without mobilizing large numbers of reservists.

In addition to these efforts to improve national reaction forces, NATO has created a multinational Combined Amphibious Force Mediterranean (CAFMED) in order to accelerate and coordinate the Alliance's response to potential crises in its Southern Region. Unlike STANAVFORLANT and STANAVFORMED, CAFMED is not a permanently-constituted formation. Instead, in the event of crisis it would assemble a force up of to division size (tailored to the requirements of a particular contingency) from an on-call pool of British, Dutch, Greek, Italian, Spanish, Turkish, U.S. and amphibious assets.

Chart III-7

Reaction Forces Share Relative to GDP Share



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

European Security and Defense Identity (ESDI)

Europe's progress in the direction of ever-greater political and economic integration under the aegis of the European Union (as epitomized by the recent launching of the European Monetary Union), has encouraged parallel movement toward defense integration and the development of a distinct European Security and Defense Identity (ESDI). The United States has supported this trend with the proviso that ESDI must not undermine or supersede NATO institutions and missions.

One of the first manifestations of European defense integration came in 1987, when President Mitterand and Chancellor Kohl announced plans to establish a Franco-German Brigade (which officially came into being in January 1989). The success of this experiment, and the sudden ending of the Cold War, prompted the two leaders to greatly increase the scale of their countries' military collaboration. Accordingly, in May 1992, they formally declared their intention to establish a multinational European Corps (EUROCORPS) and place it at the disposal of the Western European Union (WEU).

The WEU had been virtually dormant for decades after the adoption of the Brussels Treaty in 1948, but had been resuscitated in 1984 at the urging of France. In 1987, the WEU sent a multinational minesweeping force to the Persian Gulf during the Iran-Iraq "Tanker War," and it also contributed naval forces to the blockade of Iraq after the 1990 invasion of Kuwait. In 1992, the WEU launched a maritime interdiction effort in the Adriatic Sea to implement UN sanctions against the former Yugoslavia (Operation SHARP VIGILANCE). This was subsequently merged with a similar NATO effort into Operation SHARP GUARD.

Following a 1993 agreement with NATO's Supreme Allied Commander, Europe (SACEUR) that allowed the EUROCORPS to be subordinated to SACEUR for Article V missions and peace operations, and clarified NATO-EUROCORPS command relationships, Belgium, Spain, and Luxembourg announced that they too would contribute troops to the formation. That same year, EUROCORPS' relationship with the WEU was formalized when an EU ministerial summit in Rome agreed to place it, together with Multinational Division (Central) and the UK-Netherlands Amphibious Force, at the disposal of the WEU.

The EUROCORPS headquarters was activated in the fall of 1993, and cross-border exercises commenced the following year. The corps became operational in October 1995, with the Franco-German Brigade, French 1st Armored Division, German 10th Panzer Division, Belgian 1st Mechanized Division, and the Spanish 21st Mechanized Brigade under its command. Total EUROCORPS personnel stands at approximately 44,000, including 14,000 French, 14,000 German, 12,000 Belgian, and 3,500 Spanish troops.

In 1995, the WEU also created two new multinational formations, EUROFOR (European Force) and EUROMARFOR (European Maritime Force), as on-call (rather than permanently-constituted) formations that are to assemble military contingents tailored to the requirements of particular contingency operations. EUROFOR can draw upon about

5,000 ground troops apiece from France, Italy, Portugal and Spain to build a force of up to divisional size for peacekeeping and other contingency operations in the Mediterranean region. A permanent EUFOR headquarters was activated in Florence, Italy in 1997.

EURMARFOR also brings together French, Italian, Portuguese, and Spanish forces, and, like EUFOR, command rotates among the four countries. It too has a Mediterranean regional focus, and is intended to operate jointly with EUROCORPS. Although EUROMARFOR's composition is not fixed, a typical deployment might include a French aircraft carrier, 6 other combat ships, an amphibious unit (with a brigade-sized landing force), and underway replenishment vessels.

In addition to these WEU forces, a number of bi- and tri-national military formations have been created in Europe. The Benelux nations have taken the lead in this area. In 1996, they combined their fleets under a permanent, unified command, Admiral Benelux, which plans and executes virtually all operational and training activities. In that same year, the Benelux nations also created a Deployable Air Task Force (comprising Belgian and Dutch aircraft, and Luxembourgish ground troops) for use in UN, OSCE, NATO, or WEU crisis management operations. Italy and Spain plan to create a combined marine brigade, while France and the United Kingdom established the Franco-British European Air Group (FBEAG) in 1995 in order to improve their ability to plan for and conduct joint operations.

Combat Forces Available for Multinational Peacekeeping Operations

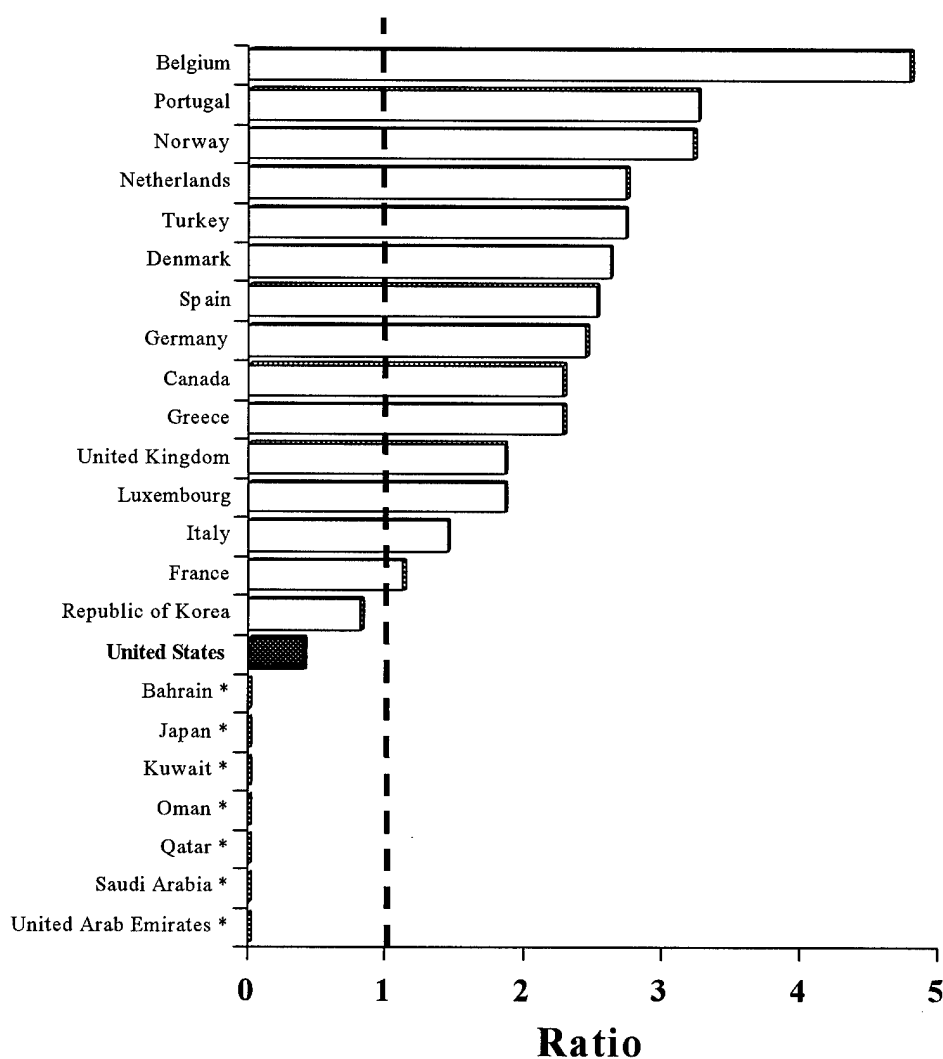
The multinational reaction forces discussed above can be, and in the case of many NATO Reaction Forces units, have been employed in multinational peacekeeping operations. However, these forces have the primary mission of defending allied territory against conventional military aggression, and this is reflected in the rapid-response forces that our allies provide. These commitments reaction forces are also generally dedicated to and structured for missions in, or in close proximity to, their home regions. In contrast, for peacekeeping and other contingency operations worldwide, allies are generally able to contribute only a subset of their rapid response formations.

Chart III-8 measures national shares of ground and air combat forces that could be made available to multinational peacekeeping missions relative to national GDP shares. This is a new indicator of nations' commitments to multinational military activities, for which data are not readily available prior to 1998. These commitments include units reported as available for WEU operations and non-Article V NATO missions, and those pledged to the United Nations under the Standby Arrangements System. As of January 1999, some 82 countries had agreed to maintain over 100,000 military personnel on standby for the UN.

The chart shows that the peacekeeping forces shares of all NATO members except the United States exceeded their shares of total GDP. Belgium stands out well above the rest, contributing a share of forces that exceeds its GDP share by a factor of almost 5. Portugal and Norway both provide forces shares that are over three times larger than their GDP shares, while those of the Netherlands, Turkey, Denmark, Spain, Germany, Canada, and Greece are all at least twice as large as their GDP shares.

Chart III-8

Share of Combat Forces Available for Peacekeeping Relative to GDP Share 1998



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

* According to available data, nations shown with a ratio of zero do not contribute combat forces to multinational peacekeeping operations.

For historical and constitutional reasons, Japan avoided deploying its armed forces abroad for nearly five decades. This situation has changed in recent years insofar as Japan has begun to contribute non-combatant ground units of its Self Defense Forces to UN peacekeeping operations. A small transportation unit is presently serving with the United Nations Disengagement Observer Forces (UNDOF) on the Golan Heights. However, serious obstacles remain to the deployment of Japanese combat units in multinational peacekeeping operations, and no share is reflected for Japan on Chart III-8 (which does not include non-combat ground units).

No shares appear for any of the GCC nations because they traditionally have not contributed forces to multinational peacekeeping operations, and no source reports that they have made any commitment to do so in the future.

Participation in and Funding for UN Peace Support Operations

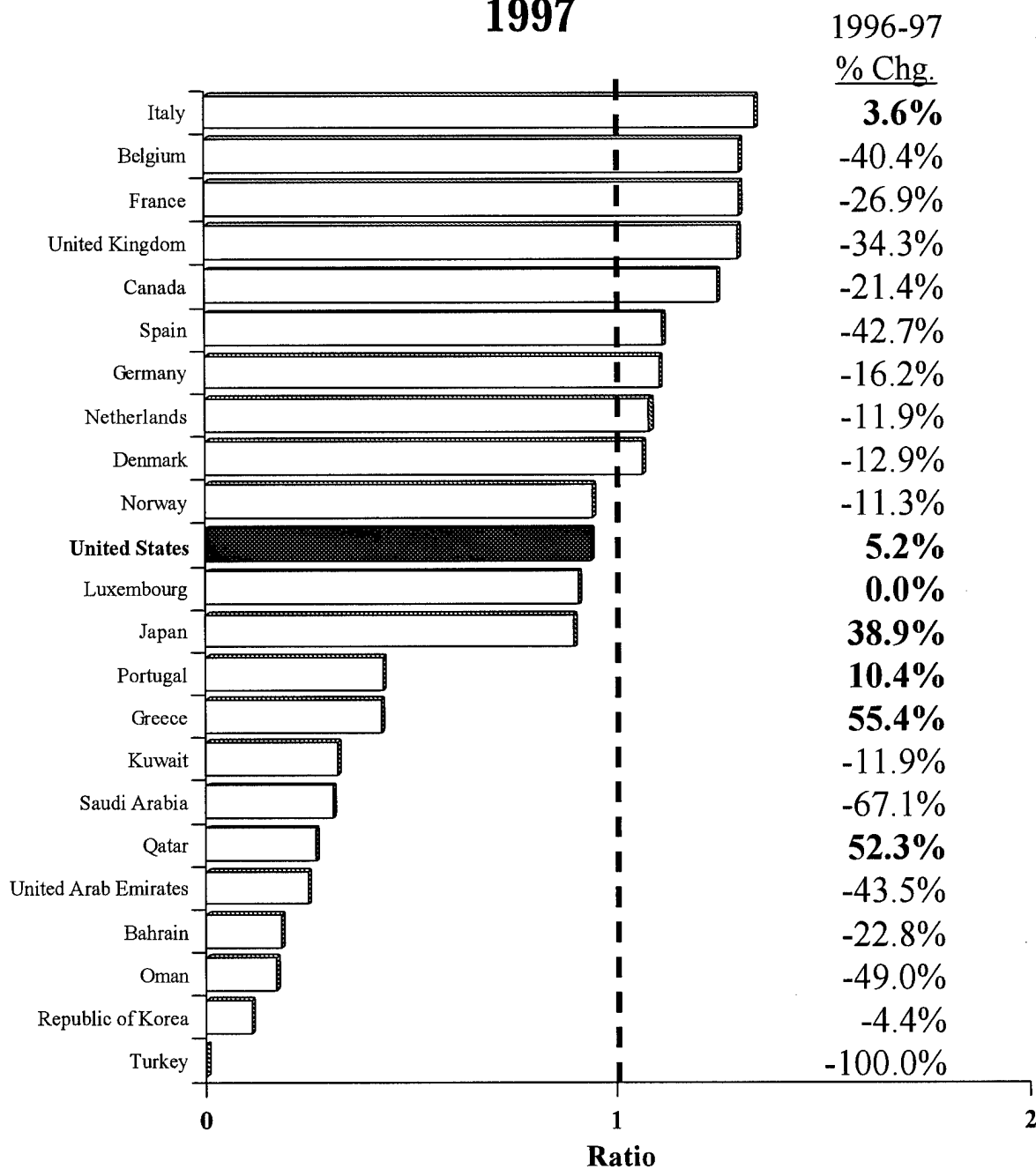
A number of our NATO allies make very substantial contributions to UN peace support operations relative to their ability to contribute. This is shown in Chart III-9 (which depicts each nation's share of total funding contributed for peacekeeping missions compared to its share of total GDP) and Chart III-10 (which depicts each nation's share of total manpower contributed to peacekeeping missions compared to its share of total labor force).

These charts indicate that the United Kingdom, Canada, and France each make funding and personnel contributions to UN peacekeeping missions that are substantially (at least 20 percent) greater than their share of GDP and labor force. Belgium and Italy also make substantial peacekeeping funding contributions relative to their GDP share. Other major contributors of peacekeeping personnel relative to ability to contribute include Norway, Denmark, Portugal, France, and the Netherlands. The funding and personnel contributions of our remaining NATO and Pacific allies are average or below par, while the level of support provided by the GCC nations is extremely low.

Compared to the previous year, only Italy registered increases in its shares of both funding support and personnel. Greece, Qatar, Japan, Portugal, and the United States achieved an increase from the previous year in their funding support. The Netherlands, Spain, and the Republic of Korea increased the number of personnel contributed to UN operations.

Chart III-9

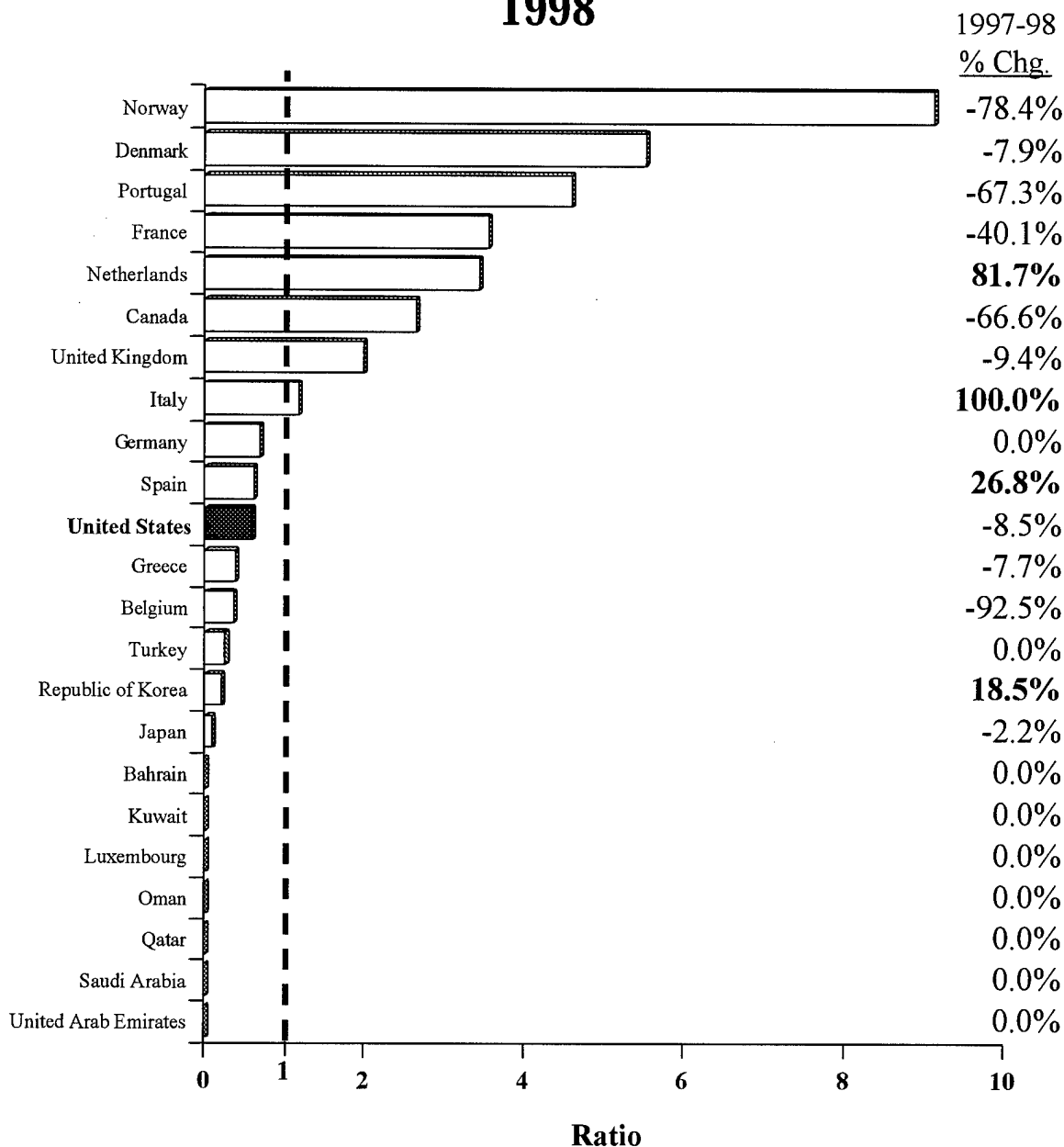
UN Peace Support Funding Share Relative To GDP Share 1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Chart III-10

UN Peace Support Personnel Share Relative To Labor Force Share 1998



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Assessment of Multinational Military Contributions

In the FY 1999 Defense Authorization Act, Congress established the objective for U.S. allies to increase the assets (including personnel, equipment, logistics, and support) that they contribute or pledge to multinational military activities worldwide. Nations registering year-to-year increases in any of the indicators discussed in this section include Italy, Greece, the Netherlands, Portugal, Belgium, Canada, Denmark, Germany, Luxembourg, Spain, Turkey, Japan, the Republic of Korea, and Qatar. This is summarized in Chart I-1.

As described elsewhere in this Report, the Department takes a broader perspective in making evaluations of this type, and recognizes those countries whose contribution shares toward multinational military activities substantially exceed their share of GDP or labor force. On this basis, the list of countries that make significant contributions is as follows: the United Kingdom, Italy, Belgium, Canada, Denmark, France, the Netherlands, Norway, Portugal, Greece, Spain, Turkey, Germany, Bahrain, Kuwait, and Qatar. This is reflected in Chart I-2.

Ongoing Multinational Peacekeeping Operations

The post-Cold War era has seen a dramatic decline in conventional military threats to the United States and its allies, but has also generated a host of political, economic, and ethnic instabilities that pose lesser, but still serious, threats to our vital interests. In this new security environment, an increasingly important measure of allied responsibility sharing is countries' willingness to contribute military forces to major peacekeeping or peacemaking operations such as those that are ongoing in the former Yugoslavia.

NATO-Led Stabilization Force (SFOR) in Bosnia and Herzegovina

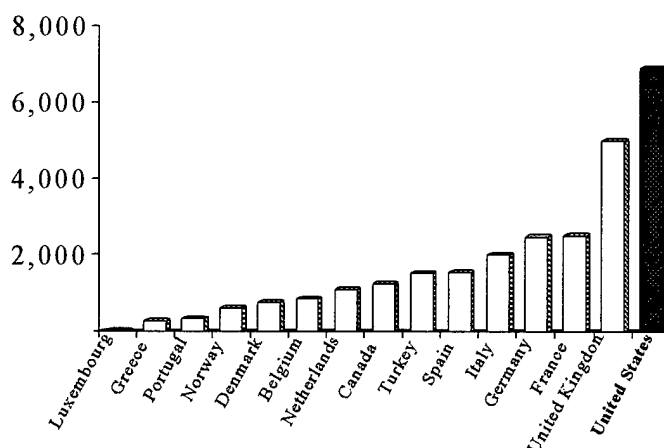
Under UN Security Council Resolution 1088 (December 1996), SFOR was authorized to continue the implementation of the military aspects of the Dayton Peace Agreement begun under IFOR (NATO Implementation Force). Its specific tasks included:

- To deter or prevent a resumption of hostilities or new threat to peace;
- To consolidate IFOR's achievements and promote a climate in which the peace process can continue to move forward;
- To provide selective support to civilian organizations within its capabilities.

Since SFOR began, forces have patrolled the 1,400 km long Zone of Separation (ZOS), monitored hundreds of weapon containment sites, confiscated weapons, monitored the Parties' armed forces and de-mining activities, and removed unauthorized checkpoints. SFOR has also engaged in non-military activities such as the maintenance and repair of roads, bridges, airports, and railroads. SFOR has aided other international organizations by maintaining a secure environment for elections and refugee return, promoting local law and order, and providing technical advice and assistance.

In 1998, SFOR had about 33,000 troops in Croatia and Bosnia-Herzegovina, including 27,000 from NATO member countries, as well as 5,700 troops from 20 non-NATO countries (of which 15 are in the Partnership for Peace). See Chart III-11 below.

Chart III-11
NATO Troop Contributions To SFOR
As of September 1998



The SFOR Maritime component (Operation DETERMINED GUARD) is built around a task force of 3 frigates and 7 minesweepers from Greece, Italy, and Turkey. These forces, together with the other NATO naval forces currently in the Mediterranean, are available or can be called upon to support the SFOR mission.

NATO has assumed primary funding responsibility for SFOR. Contributions include national funding, as well as common funding through NATO's Military Budget and the NATO Security Investment Program.

NATO's Response to the Kosovo Crisis (current through January 1999)

By the summer of 1998, the conflict in Kosovo had displaced nearly 300,000 civilians, leaving many without adequate food, water, shelter or medical care. Faced with the specter of a major humanitarian disaster at the onset of winter, in September the UN Security Council passed Resolution 1199, calling upon all parties to cease hostilities and observe a ceasefire. When this failed to end the violence, NATO issued an activation order in October for Operation DETERMINED FORCE, authorizing bombing if the Yugoslav government refused to comply with the UN's demands, and deployed its multinational Standing Naval Force Mediterranean (STANAVFORMED) to the Adriatic Sea. In response to these initiatives, the Yugoslav government agreed to accept a ceasefire, withdraw certain forces from Kosovo, and allow the international community to verify these commitments.

The principal means of verifying compliance was to be a force of 2,000 observers who would operate on the ground under the auspices of the OSCE's Kosovo Verification Mission (KVM). These would be complemented by unarmed NATO reconnaissance flights over Kosovo. After the UN Security Council endorsed both verification missions, NATO launched the aerial verification effort under the title Operation EAGLE EYE. France, Germany, Italy, the United Kingdom, and United States are all contributing reconnaissance and/or supporting aircraft to this operation.

NATO is simultaneously conducting Operation DETERMINED GUARANTOR, which provides for the emergency extraction of the OSCE verifiers if necessary (as of January 1999, these totaled 860 -- including 130 Americans). In December, a 1,500-strong NATO Extraction Force (XFOR) was established in the Former Yugoslav Republic of Macedonia under the command of a French brigadier general -- the first time that France has commanded a NATO operation. XFOR comprises a French infantry battalion, an Italian infantry company, a British mechanized company, and Dutch airmobile and engineer companies. It stands at high readiness to extract the KVM observers from Kosovo at the request of OSCE.

In order to guard against the possibility of noncompliance with the terms of the UN ceasefire resolution, NATO decided in October to maintain the activation order for Operation DETERMINED FORCE. Belgium, Canada, Denmark, France, Germany, the Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom, and United States have committed a total of between 300 and 400 aircraft to this operation. Many of these aircraft are forward-deployed in Italy or on aircraft carriers, ready to conduct either limited airstrikes or a phased bombing campaign if circumstances demand.

MILITARY PERSONNEL

Unlike the preceding section, which addressed the critically important subset of nations' forces that are available for multinational military contingencies, this section and the next focus on nations' total military personnel and forces. Although this perspective is not required by the FY 1999 Defense Authorization Act, the Department believes that a nation's total contribution of personnel and forces is a valid indicator of its commitment to shared security objectives such as deterrence and stability, and should be assessed for purposes of balance and completeness.

Military personnel are one of the most fundamental defense resources that a nation can contribute to shared security objectives. For the purposes of this Report, military personnel contributions are measured using active-duty troop levels, and a nation's ability to contribute is determined by the size of its labor force.

Chart III-12 shows active-duty military as a percentage of labor force from 1990 to 1998. During this period, the U.S. ratio has experienced a slow but steady decline, somewhat steeper than the decrease among our NATO allies. On the other hand, following the Gulf War the GCC countries as a group have achieved a notable increase in this ratio, though recently it has dropped somewhat from its 1995 peak. Japan and the Republic of Korea combined have the lowest share of labor force on active-duty (1 percent), a level that has remained fairly constant during this period.

Chart III-12
Active-Duty Military Personnel
As A Percentage of Labor Force

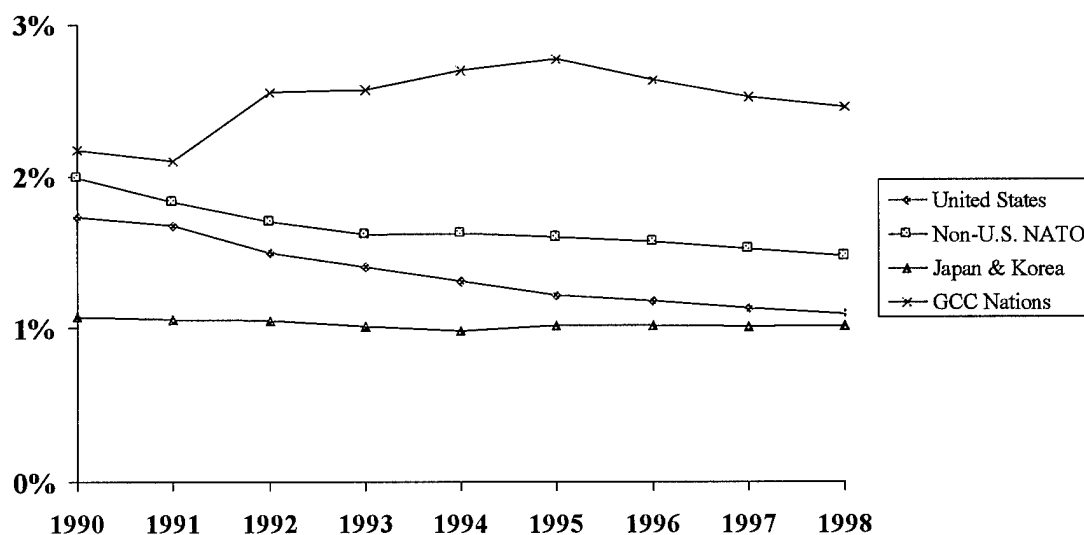


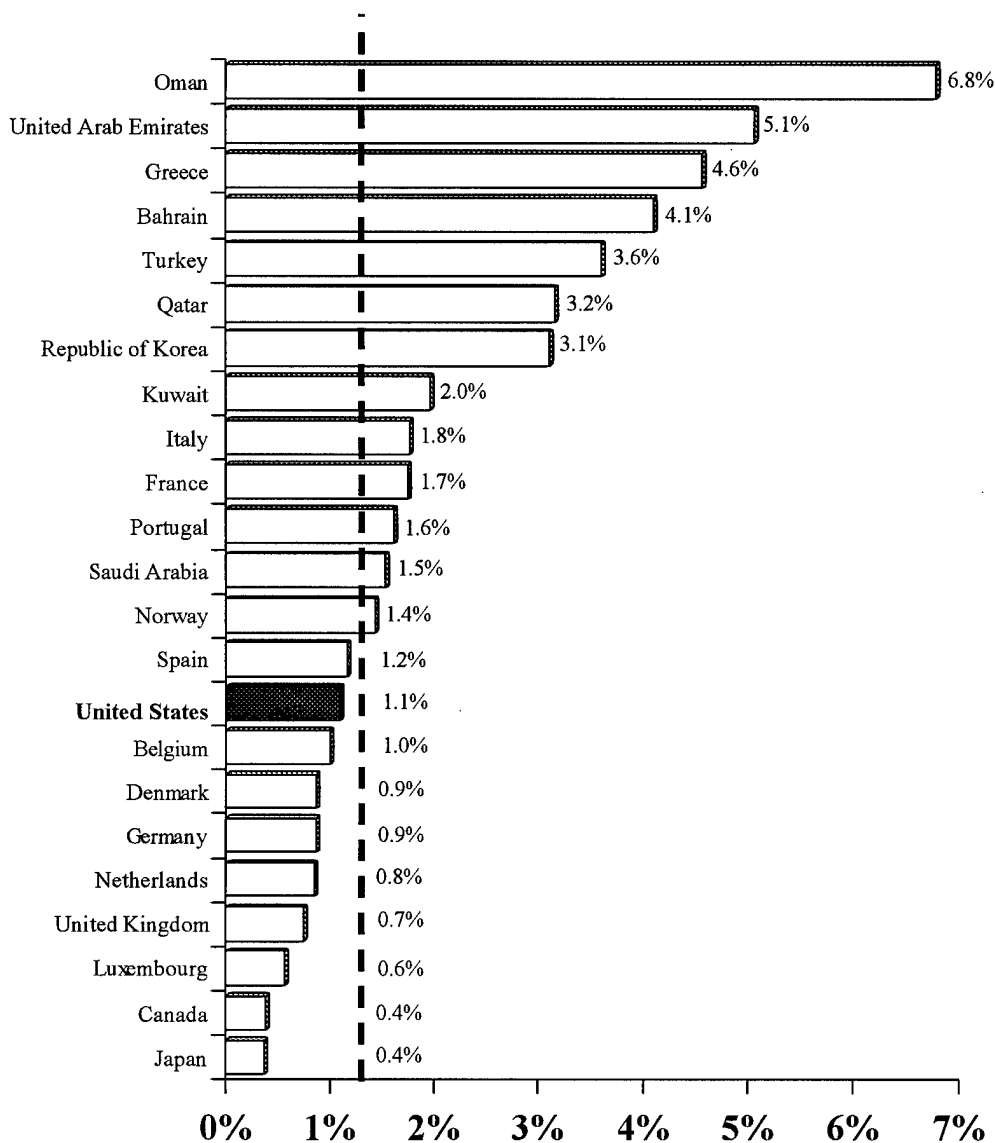
Chart III-13 compares all the countries in the Report in terms of active-duty military share relative to labor force share for 1998. The chart shows that Oman makes the largest contribution of military personnel relative to ability to contribute, followed by the United Arab Emirates, Greece, Bahrain, Turkey, Qatar, and the Republic of Korea. These countries, along with Kuwait, Italy, France, Portugal, and Saudi Arabia, each contribute a share of active-duty military personnel significantly greater (roughly 20 percent or more) than their share of total labor force. Refer to section C of the Annex for further details.

Congress has not identified a specific responsibility sharing target for military personnel. However, on the basis of the foregoing analysis, the Department assesses that the twelve nations identified in the preceding paragraph are making substantial responsibility sharing contributions in this category. This assessment is summarized in Chart I-2.

Note that this analysis would yield different results if reservists and defense civilians were included, based on variations in national policies for personnel utilization. For instance, the ranking of nations that place a greater reliance on mobilizable forces – such as Norway – would improve relative to nations like Canada which have a preponderance of active-duty forces. An expanded analysis of this type is beyond the scope of this Report, however, due to a lack of complete, comparable, and unclassified data on reservists and defense civilians.

Chart III-13

Active-Duty Military Personnel as a Percentage of Labor Force 1998



Dashed line represents the active-duty military personnel/labor force ratio at which a country's share of aggregate active-duty military personnel equals its share of aggregate labor force. Countries at this level are contributing their "fair share" of military personnel. Countries above this level are contributing beyond their "fair share," and conversely.

See Annex, Section C.

MILITARY FORCES

There is no single, comprehensive indicator that reflects *all* of the factors that determine military capability. The material in this section is intended to provide an overview of each country's force contributions using a few widely accepted measures.

Although Congress has not defined specific responsibility sharing targets for military forces in general, the Department believes that standing military forces represent an important contribution to shared security objectives. Country efforts in this area are assessed consistent with previous reports, and summarized in Chart I-2.

Ground Combat Capability

Nations' ground combat capabilities are measured according to the quantity and quality of their major weapon systems, drawing on static indicators that have been widely used within DoD and NATO. This approach provides more insight into combat potential than do simple counts of combat units and weapons, although it does not consider such factors as ammunition stocks, logistical support, communications, training, leadership, and morale. At this time there is no generally accepted static measure of ground combat capability that incorporates these factors.

The largest contributors to aggregate ground capability are shown in Chart III-14. The United States provides by far the largest share of ground combat capability of any nation in this Report, followed by the Republic of Korea, Germany, and Turkey.

Chart III-14
Ground Combat Capability
1998

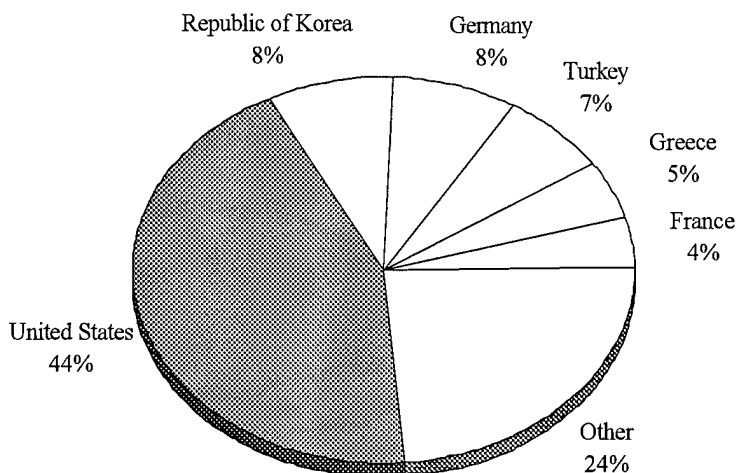
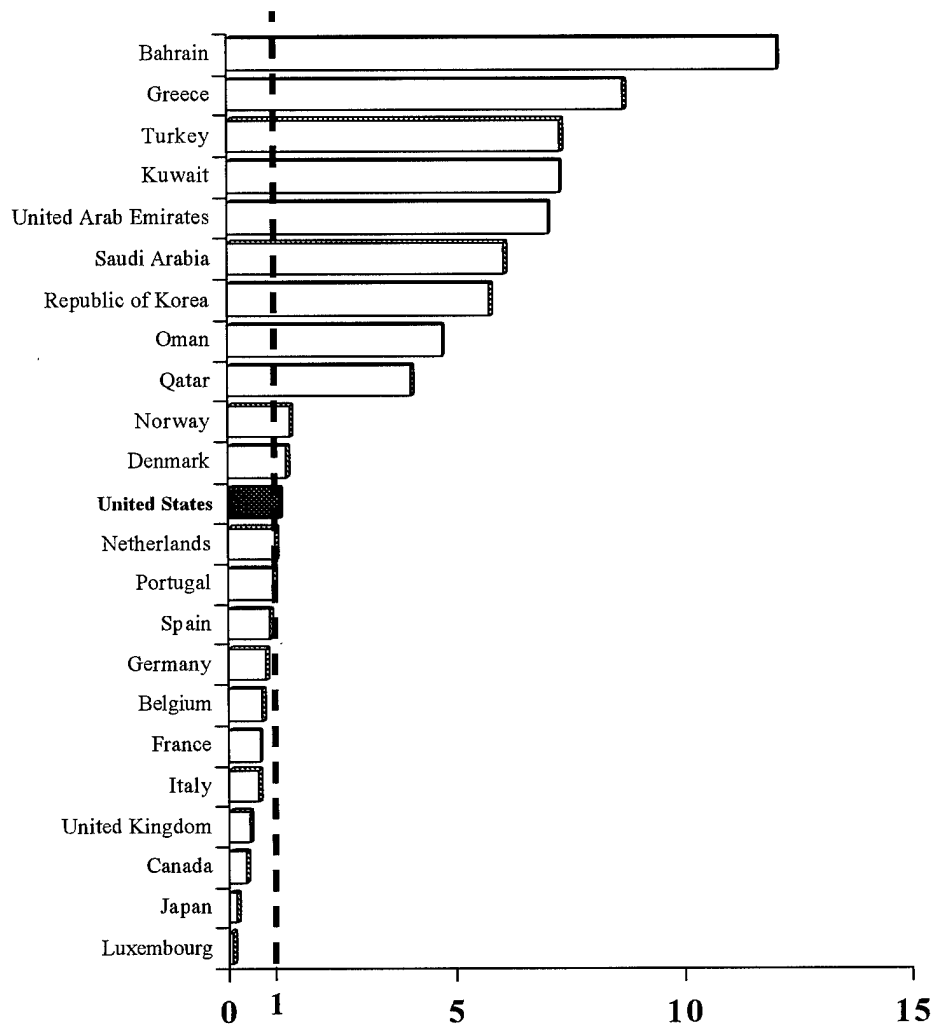


Chart III-15 compares nations' ground combat capability contributions with their ability to contribute. In 1998, eleven countries contributed shares of ground combat capability significantly (at least 20 percent) greater than their share of total GDP. This includes all the GCC countries, led by Bahrain. Among NATO countries, Greece and Turkey make by far the largest contributions in this category. Other nations with significant ground combat capability relative to their ability to contribute are the Republic of Korea, Norway, and Denmark.

On the basis of the analysis reflected in Chart III-15, the Department assesses that these eleven nations (identified above) are making substantial responsibility sharing contributions in the area of ground combat capability.

Chart III-15

Ground Combat Capability Share Relative to GDP Share 1998



Ratio

A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Naval Force Tonnage

Tonnage is a static measure of aggregate fleet size that provides a more meaningful basis for comparison than do simple tallies of ships. The use of tonnage alone as an indicator does not, however, provide any indication of the number of weapons aboard ships, or of the weapons' effectiveness or reliability. Also, this measure does not assess the less tangible ingredients of combat effectiveness, such as training and morale. Consequently, tonnage data should be considered only a rough indicator of naval potential.

Chart III-16 shows the nations with the largest shares of aggregate fleet tonnage (excluding strategic submarines) for 1998. Note that the U.S. fleet includes some types of vessels not generally found in most allied navies (e.g., aircraft carriers, fleet support, sealift, and amphibious vessels). As a result, the United States has by far the single largest share of fleet tonnage with nearly 60 percent of the total tonnage of all countries in this Report combined. The next largest tonnage shares are those of the United Kingdom, Japan, and France.

Chart III-16
Naval Force Tonnage
1998

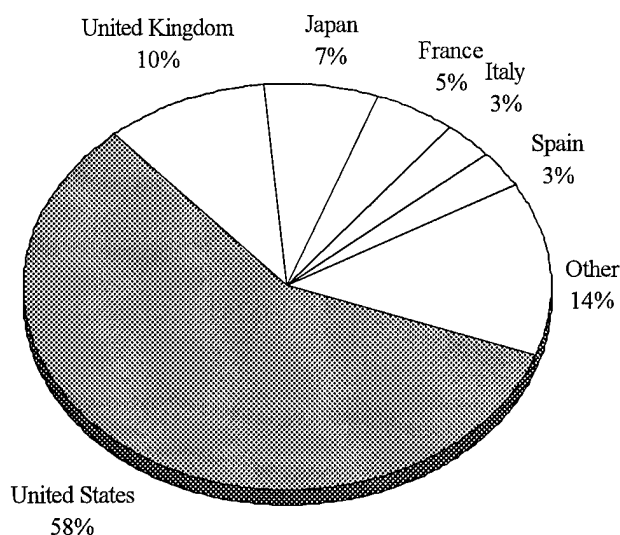
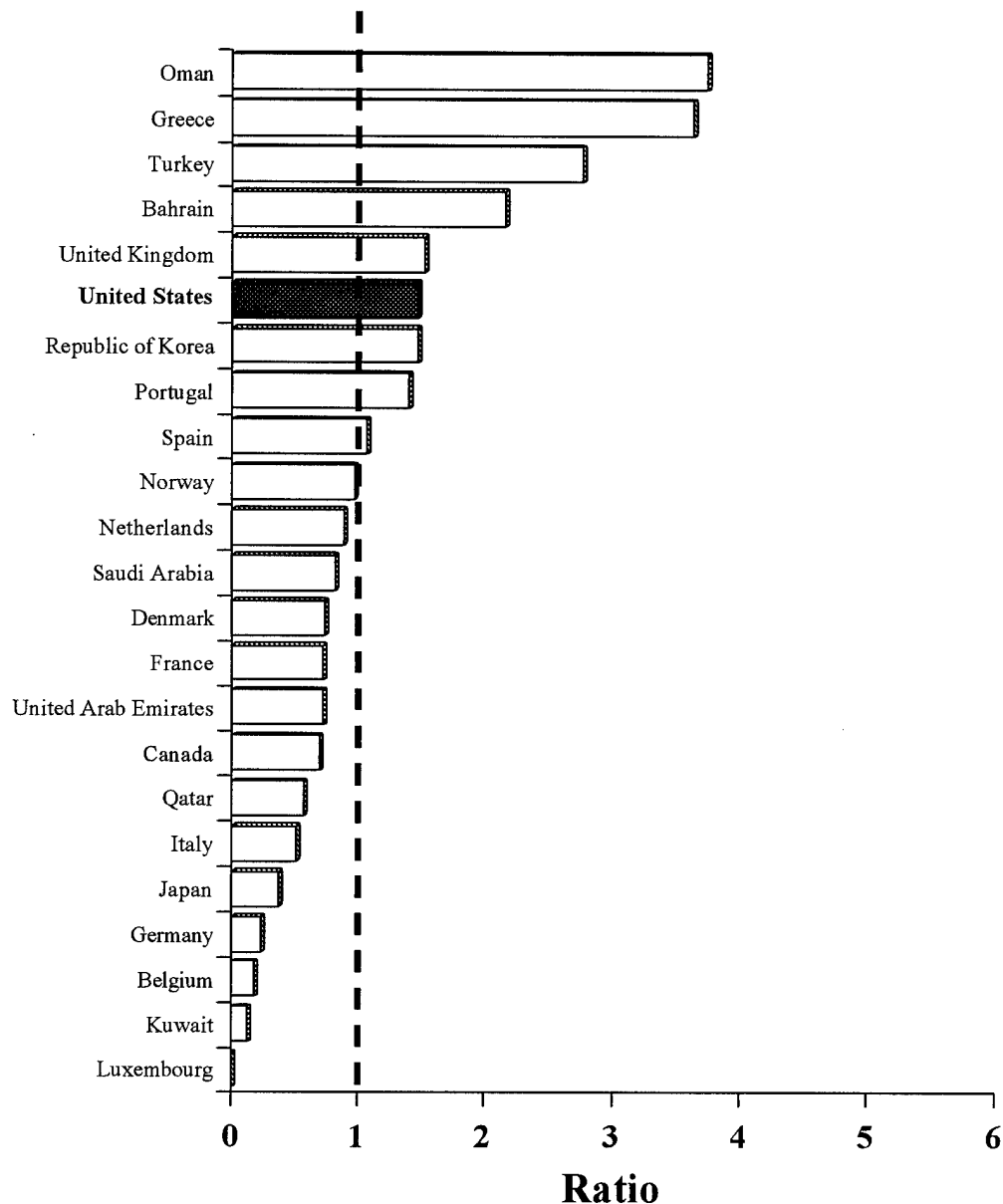


Chart III-17 reflects national shares of total fleet tonnage relative to GDP shares. In 1998, eight countries had shares of naval force tonnage significantly (at least 20 percent) greater than their GDP shares, led by Oman, and including Greece, Turkey, Bahrain, the United Kingdom, the United States, the Republic of Korea, and Portugal. On the basis of this analysis, the Department assesses that these eight nations are making substantial responsibility sharing naval tonnage contributions.

Chart III-17
Naval Force Tonnage Share Relative to GDP Share
1998



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Tactical Combat Aircraft

Aircraft tallies are the best available measure of the strength of nations' air forces. As with the other force indicators discussed above, unit counts of aircraft do not measure combat effectiveness, or take into account factors such as differences in ammunition, training, or morale.

Chart III-18 depicts the distribution of tactical combat aircraft among nations addressed in this Report (including air force, naval, and marine assets). The United States possesses almost one half of all combat aircraft, followed by France and the United Kingdom.

Chart III-18
Tactical Combat Aircraft
1998

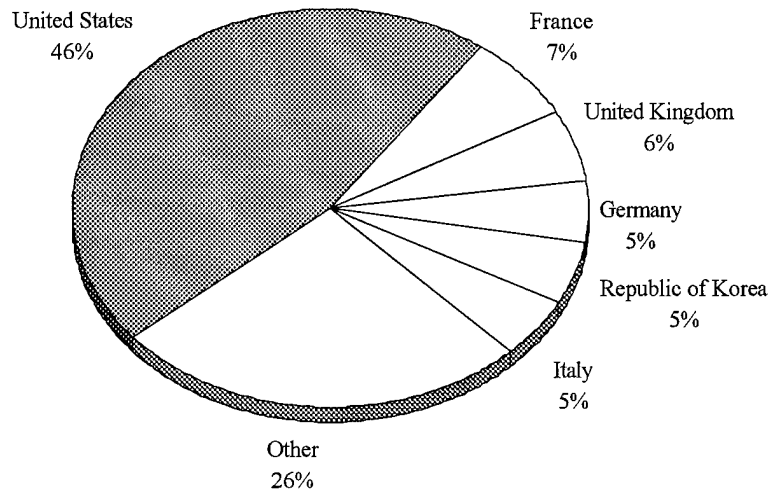
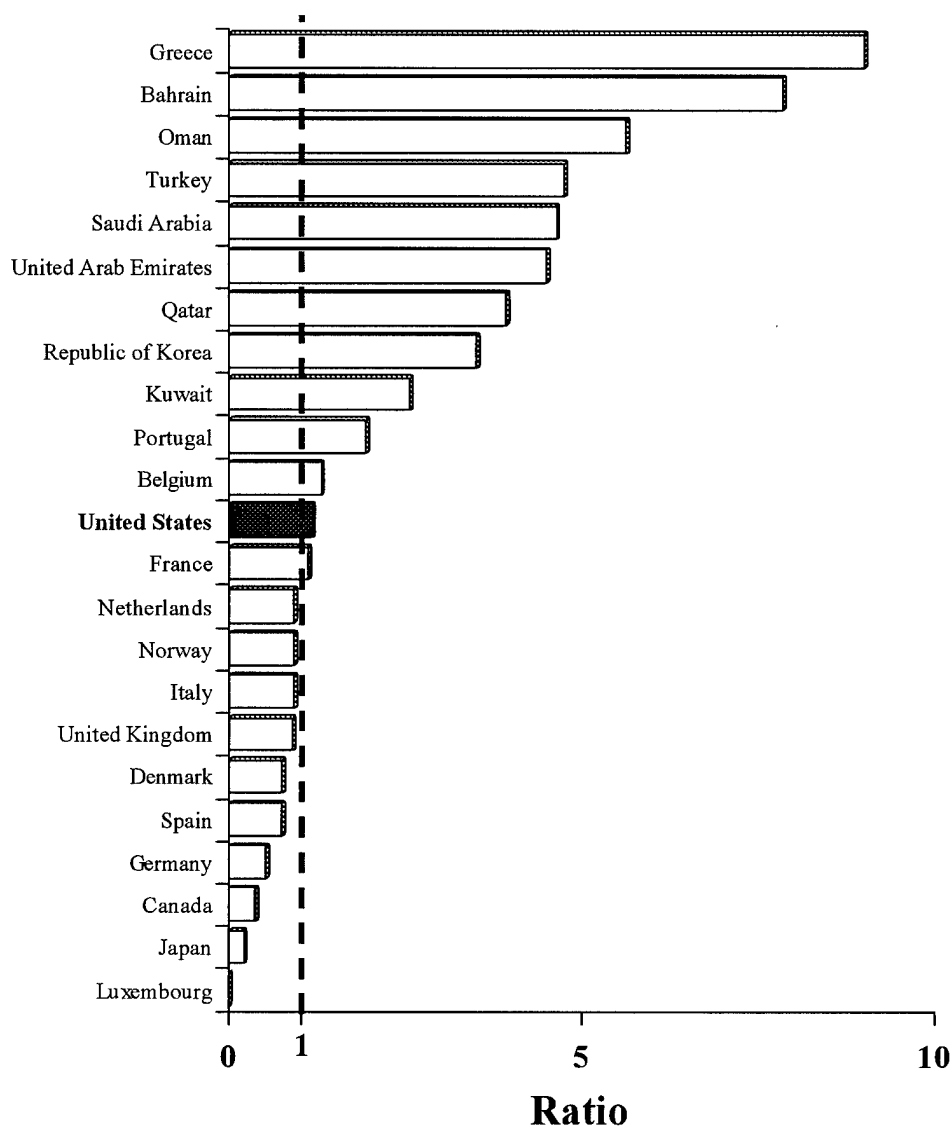


Chart III-19 reflects national shares of the total combat aircraft inventory in relation to GDP shares. A majority of the countries in this Report have combat aircraft shares significantly (at least 20 percent) above their GDP share, led by Greece and Bahrain, and including the other five GCC countries, along with Turkey, the Republic of Korea, Portugal, and Belgium. On the basis of this analysis, the Department assesses that these eleven nations are making substantial responsibility sharing contributions in the area of tactical combat aircraft.

Chart III-19

Tactical Combat Aircraft Share Relative to GDP Share 1998



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

COST SHARING

The most familiar form of cost sharing is *bilateral* cost sharing between the United States and an ally or partner nation that either hosts U.S. troops and/or prepositioned equipment, or plans to do so in time of crisis. The Department of Defense distinguishes between two different types of bilateral cost sharing: the *direct* payment of certain U.S. stationing costs by the host nation (i.e., on-budget host country expenditures), and *indirect* cost deferrals or waivers of taxes, fees, rents, and other charges (i.e., off-budget, foregone revenues).

Cost Sharing Contributions

As shown in Chart III-20, the Department estimates that in 1997 (the most recent year for which data are available) the United States received direct and indirect cost sharing assistance from our NATO, Pacific, and GCC allies totaling over \$7.3 billion.

Cost sharing has been a particularly prominent aspect of our bilateral defense relationships with Japan (since the late 1970s) and the Republic of Korea (since the late 1980s). The current Asian financial crisis may affect bilateral cost sharing levels in 1998, especially for the Republic of Korea, due to the amount of ROK cost sharing transacted in U.S. dollars.

As Chart III-20 shows, Japan provides a greater level of direct cost sharing (\$2.9 billion) than we receive from any other ally. This is due largely to the strict constitutional limits that apply to the Japanese armed forces, and concerns for regional stability shared by the United States, Japan, and its Asian neighbors. Refer to the previous chapter for additional details on Japanese cost sharing.

The Republic of Korea first agreed to contribute to a program for Combined Defense Improvement Projects (CDIP) construction in 1979 – which marked the beginning of our present cost sharing relationship. In 1988, the Republic of Korea agreed to a CDIP program funded initially at \$40 million a year. Since that time, annual cost sharing negotiations have brought a gradual increase in ROK cost sharing. During 1997, the ROK provided \$350 million in direct cost sharing and over \$380 million in additional indirect cost sharing. Further information on U.S.-ROK cost sharing is included in Chapter II.

NATO countries have long provided substantial indirect support for U.S. forces stationed on their territory. Our allies provide rent-free bases and facilities, various tax exemptions, and reduced-cost services. Among NATO allies with the largest cost sharing contributions to the United States in 1997 were Germany (\$1.2 billion), and Italy (\$1.1 billion).

With respect to our security partners in Southwest Asia, bilateral cost sharing in 1997 included over \$250 million paid or pledged by Saudi Arabia, Kuwait, Oman, United Arab Emirates, and Bahrain to offset U.S. incremental costs in the Persian Gulf region. Kuwait and Qatar both host a prepositioned U.S. Army heavy brigade equipment set, and share the land use, maintenance, and operating costs for U.S. forces stationed or exercising on their territory.

Chart III-20

U.S. Stationed Military Personnel & Bilateral Cost Sharing – 1997 1997 Dollars in Millions - 1997 Exchange Rates

NATO Allies	U.S. Stationed Military Personnel (Sept. 30, 1997)	Bilateral Cost Sharing		
		Direct Support	Indirect Support	Total
Belgium	1,679	\$0.00	\$45.74	\$45.74
Canada	179	NA	NA	NA
Denmark	39	\$0.02	\$0.06	\$0.07
France	74	NA	NA	NA
Germany	60,053	\$16.91	\$1,207.88	\$1,224.80
Greece	498	\$0.01	\$17.49	\$17.50
Italy	11,677	\$0.00	\$1,092.79	\$1,092.79
Luxembourg	9	\$0.00	\$15.00	\$15.00
Netherlands	703	\$0.00	\$3.19	\$3.19
Norway	107	\$1.20	\$0.00	\$1.20
Portugal	1,066	\$0.00	\$0.90	\$0.90
Spain	3,575	\$0.49	\$122.26	\$122.75
Turkey	2,864	\$0.04	\$16.42	\$16.47
United Kingdom	11,379	\$3.34	\$90.67	\$94.01
NATO Allies' Total	93,902	\$22.01	\$2,612.39	\$2,634.40
<u>Pacific Allies</u>				
Japan	47,000	\$2,944.12	\$781.02	\$3,725.13
Republic of Korea	35,663	\$350.40	\$385.84	\$736.24
Pacific Allies' Total	82,663	\$3,294.52	\$1,166.86	\$4,461.37
<u>Gulf Cooperation Council (GCC)</u>				
Bahrain	748	\$2.15	\$2.35	\$4.50
Kuwait	1,640	\$77.06	\$4.76	\$81.82
Oman	28	\$0.00	\$49.96	\$49.96
Qatar	26	NA	NA	NA
Saudi Arabia	1,722	\$11.05	\$97.11	\$108.16
United Arab Emirates	22	\$0.05	\$10.36	\$10.41
GCC Allies' Total	4,186	\$90.32	\$164.54	\$254.85
Grand Total	180,751	\$3,406.85	\$3,943.78	\$7,350.63

In addition to *bilateral* cost sharing, our NATO allies also provide *multilateral* cost sharing, through common- and jointly-funded budgets. These include the NATO Security Investment Program (NSIP); the NATO Military Budget for the operations and maintenance (O&M) of NATO Military Headquarters, agencies, and common-use facilities; and the NATO Civil Budget for O&M of the NATO Headquarters and several non-military programs including civil preparedness. See Chart III-22 at the conclusion of this section for additional detail.

Several recent developments in collective NATO cost sharing are quite favorable to the United States, including savings of over \$150 million due to continued NSIP funding for certain projects in support of U.S. forces that would not normally be NSIP-eligible (e.g., quality of life facilities at Aviano Air Base, Italy). In addition, the United States stands to gain direct savings from NATO's Collective Cost Sharing initiative, under which the Alliance will offset U.S. O&M costs for prepositioned war reserve equipment and material. Finally, additional U.S. savings will be realized beginning in 1999 based on a reduced U.S. cost share in the common budgets owing to increased participation by France and Spain and the inclusion of the Czech Republic, Hungary, and Poland.

Assessment of Cost Sharing Contributions

One of the objectives Congress established in the FY 1999 Defense Authorization Act was for nations that host U.S. forces to offset 75 percent of U.S. stationing costs by September 2000 through an increase in financial contributions, or the elimination of taxes, fees, or other charges levied on U.S. military personnel, equipment, or facilities in that nation. Chart III-21 shows the nations with the greatest U.S. cost offset percentages for 1997. *Note:* Cost offset percentages cannot be provided for the GCC nations (with the exception of Bahrain and Saudi Arabia) due to the lack of full information regarding U.S. stationing costs in those countries.

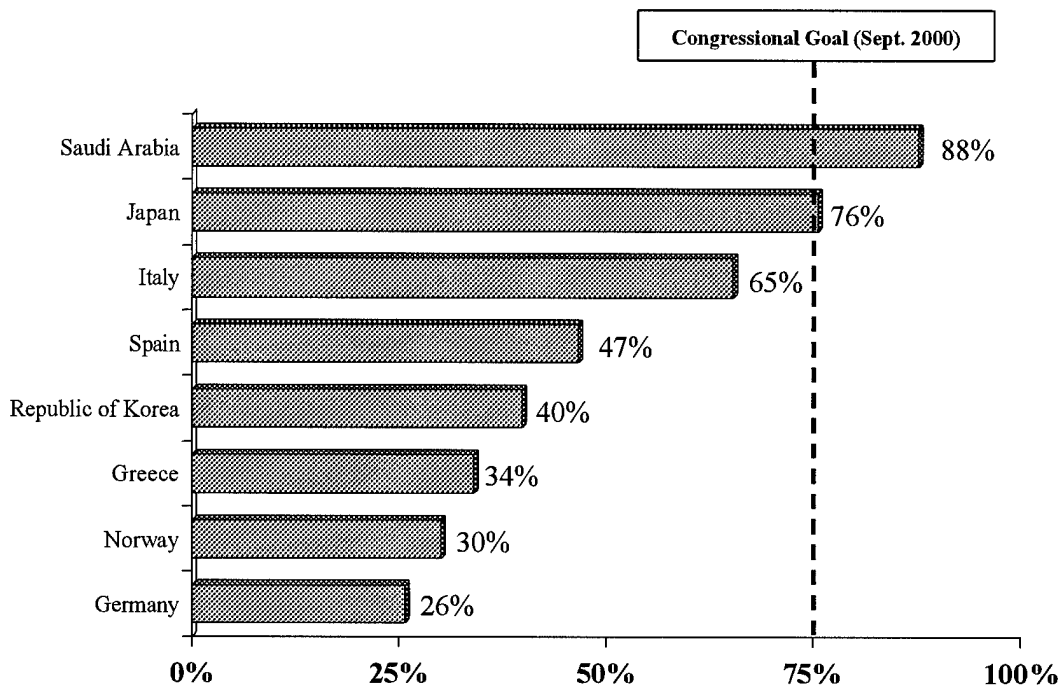
Dating back to the Defense Authorization Act for FY 1997, Congress has endorsed the Department's view that cost sharing is but one aspect among many in assessing allies' responsibility sharing efforts. Cost sharing objectives are not appropriate for all countries, due to the differences in the objectives of our security relationships with various allies and partners. For instance, there is no tradition in Europe of providing the kind of direct cash and in-kind support provided, by Japan and the Republic of Korea, since the emphasis in NATO for many years has been on strengthening participation in the military roles and missions of the Alliance. In contrast, due to the much different security situation in the Pacific and the unique defense capabilities of Japan and the Republic of Korea, our responsibility sharing policy in this region has emphasized cost sharing rather than global military roles and missions.

Currently Saudi Arabia and Japan are the only countries that meet the Congressional cost sharing target.

In addition to measuring cost sharing contributions according to the proportion of U.S. costs that are offset, host nation support can also be evaluated relative to a country's ability to incur cost sharing obligations. Using this approach, the countries with shares of bilateral host nation support contributions to the United States substantially (at least 20 percent) greater than their share of GDP are Oman, followed by the Republic of Korea, Kuwait, Luxembourg, Italy, Japan, Bahrain, and Saudi Arabia.

These assessments are summarized in Charts I-1 and I-2.

Chart III-21
Share of U.S. Overseas Stationing Costs Paid by Selected Allies
1997



Multilateral Cost Sharing: NATO's Common-Funded Budgets

NATO's long-standing arrangement to share costs of mutually-beneficial projects is one of the Alliance's oldest and truest tools to promote responsibility sharing equity. A summary of 1998 outlays by each of the NATO common-funded budgets is provided below, showing each country's contribution and percentage share of costs incurred.

Chart III-22

NATO's Common-Funded Budgets - 1998* 1998 Dollars in Millions - 1998 Exchange Rates

	NATO Security & Investment Program	% of Total	Military Budget	% of Total**
Belgium	20.8	4.5%	25.5	3.3%
Canada	18.4	3.9%	56.4	6.5%
Denmark	16.8	3.6%	15.1	1.9%
France	18.4	3.9%	33.3	6.1%
Germany	115.6	24.8%	160.8	18.0%
Greece	4.8	1.0%	3.8	0.4%
Iceland	0.0	0.0%	0.3	0.1%
Italy	38.4	8.2%	53.5	6.9%
Luxembourg	0.8	0.2%	0.7	0.1%
Netherlands	23.6	5.1%	26.2	3.3%
Norway	14.0	3.0%	10.5	1.3%
Portugal	1.6	0.3%	5.6	0.7%
Spain	2.4	0.5%	5.3	1.0%
Turkey	6.0	1.3%	13.7	1.9%
United Kingdom	52.8	11.3%	111.3	20.4%
United States	132.0	28.3%	284.5	28.0%
Total	466.4	100.0%	806.5	100.0%
	Civil Budget	% of Total	TOTAL NATO Common Budgets	% of TOTAL**
Belgium	4.3	2.7%	50.6	3.7%
Canada	8.8	5.6%	83.6	5.4%
Denmark	2.5	1.6%	34.4	2.6%
France	25.9	16.5%	77.6	6.6%
Germany	24.5	15.6%	300.9	20.4%
Greece	0.6	0.4%	9.2	0.7%
Iceland	0.1	0.1%	0.4	0.0%
Italy	9.1	5.8%	101.0	7.3%
Luxembourg	0.1	0.1%	1.6	0.1%
Netherlands	4.3	2.7%	54.1	3.9%
Norway	1.7	1.1%	26.2	2.0%
Portugal	1.0	0.6%	8.2	0.6%
Spain	5.5	3.5%	13.2	1.1%
Turkey	2.5	1.6%	22.2	1.6%
United Kingdom	29.6	18.8%	193.7	16.6%
United States	36.7	23.3%	453.2	27.5%
Total	157.2	100.0%	1430.1	100.0%

*Due to rounding, the numbers shown may not add up to the totals.

**Calculation does not include contributions to the NATO Airborne Early Warning and Control Program.

FOREIGN ASSISTANCE

Foreign assistance plays a prominent role in nations' overall responsibility sharing efforts. Although economic aid does not directly increase U.S. and allied defense capabilities, it makes an important contribution to global peace and stability. Most industrialized NATO countries and Japan have for many years extended various types of assistance to developing countries. In addition, and of special significance in the post-Cold War era, NATO nations, Japan, and the Republic of Korea also provide important assistance to the emerging democracies in Central Europe and the New Independent States (NIS) of the former Soviet Union.

Foreign assistance is comprised of both *bilateral* aid, assistance given from one nation directly to another, and *multilateral* aid, assistance given by a nation to an international development bank (e.g., the World Bank) or other multinational agency (e.g., the European Commission) that is pooled with other contributions and then disbursed. Multilateral assistance traditionally focuses on projects and programs with longer term objectives beyond providing immediate liquidity – e.g., human resources development, technical assistance, financial infrastructure improvement, and poverty reduction.

Foreign Assistance Contributions

As shown in Chart III-23, disbursements of foreign assistance by nations included in this Report exceeded \$49 billion in 1997 (the latest year for which reliable data are substantially complete). Of this sum, over \$40 billion was provided by our allies and partners. This aid reflects a commitment to promote democratization, government accountability and transparency, economic stabilization and development, defense economic conversion, respect for the rule of law and internationally recognized human rights, and humanitarian relief efforts. Foreign aid for 1997 represented only 0.23 percent of the combined GDPs of the nations in this Report, falling below the 0.25 percent reported for 1996 as the lowest level recorded in nearly 30 years. This is due in large part to a continued decline in bilateral assistance.

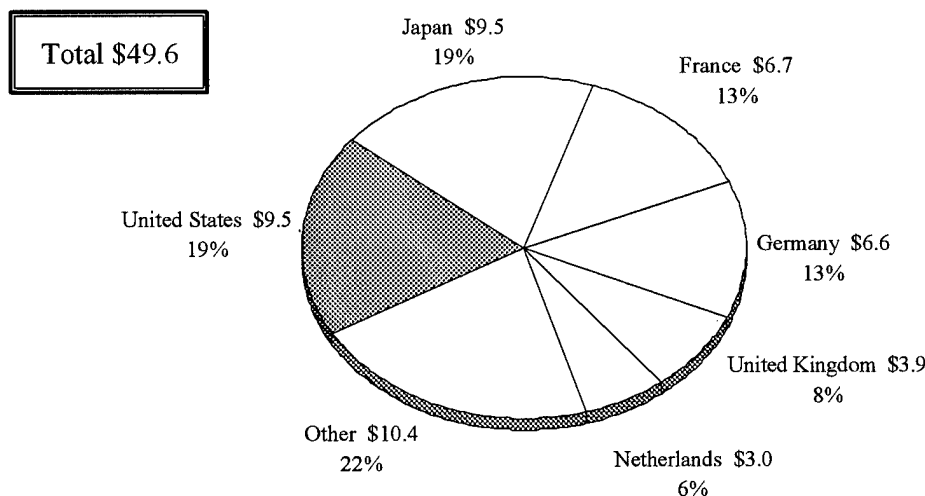
Chart III-23 also shows that, as in the recent past, the four nations with the largest foreign assistance contributions (in absolute terms) in 1997 were the United States, Japan, France, and Germany. At the other end of the spectrum are those nations that contribute very modest amounts of foreign aid, although this may be justified in the case of countries with relatively low standards of living (e.g., Greece, the Republic of Korea, and Portugal).

Care must be exercised in evaluating year-to-year changes in foreign aid data. First, foreign aid flows can be somewhat volatile. The large decrease in foreign assistance provided by Italy in 1997, for example, more than offset the large increase reported the previous year due to an unusually high level of multilateral contributions. The decline in German foreign assistance efforts is due in large part to budget discipline prescribed under the Maastricht criteria. Second, irregularities in the timing of disbursements may affect year-to-year comparisons. For example, some 1997 United States annual multilateral contributions were not disbursed until 1998. Similarly, Canada caught up on 1996 payments to multilateral agencies in 1997, creating an apparent 11 percent increase in overall assistance levels even though bilateral aid actually declined in 1997. Lastly, time lags in collecting complete data on nations' foreign aid programs make it difficult to report full information on all countries. Thus, the apparent increase in the Republic of

Korea's foreign aid for 1997 is explained in part by the continuing lack of complete data pertaining to their contributions for 1996.

Based on the available data, less than one third of the nations for which data is available achieved real growth in foreign aid in 1997 from the prior year. Bearing in mind the above cautions, an increase in 1997 reported foreign assistance levels over 1996 were reported for the Republic of Korea (33 percent), Luxembourg (13 percent), Canada (11 percent), Portugal (11 percent), and the United Kingdom (3 percent). Among countries with the sharpest reductions were Italy (-46 percent), Saudi Arabia (-28 percent), Germany (-27 percent), France (-20 percent), Belgium (-17 percent), the United States (-17 percent), Kuwait (-14 percent), and the Netherlands (-11 percent). For all nations combined, foreign aid declined roughly 15 percent from 1996 to 1997.

Chart III-23
Foreign Assistance
in Billions of Constant 1998 Dollars
1997



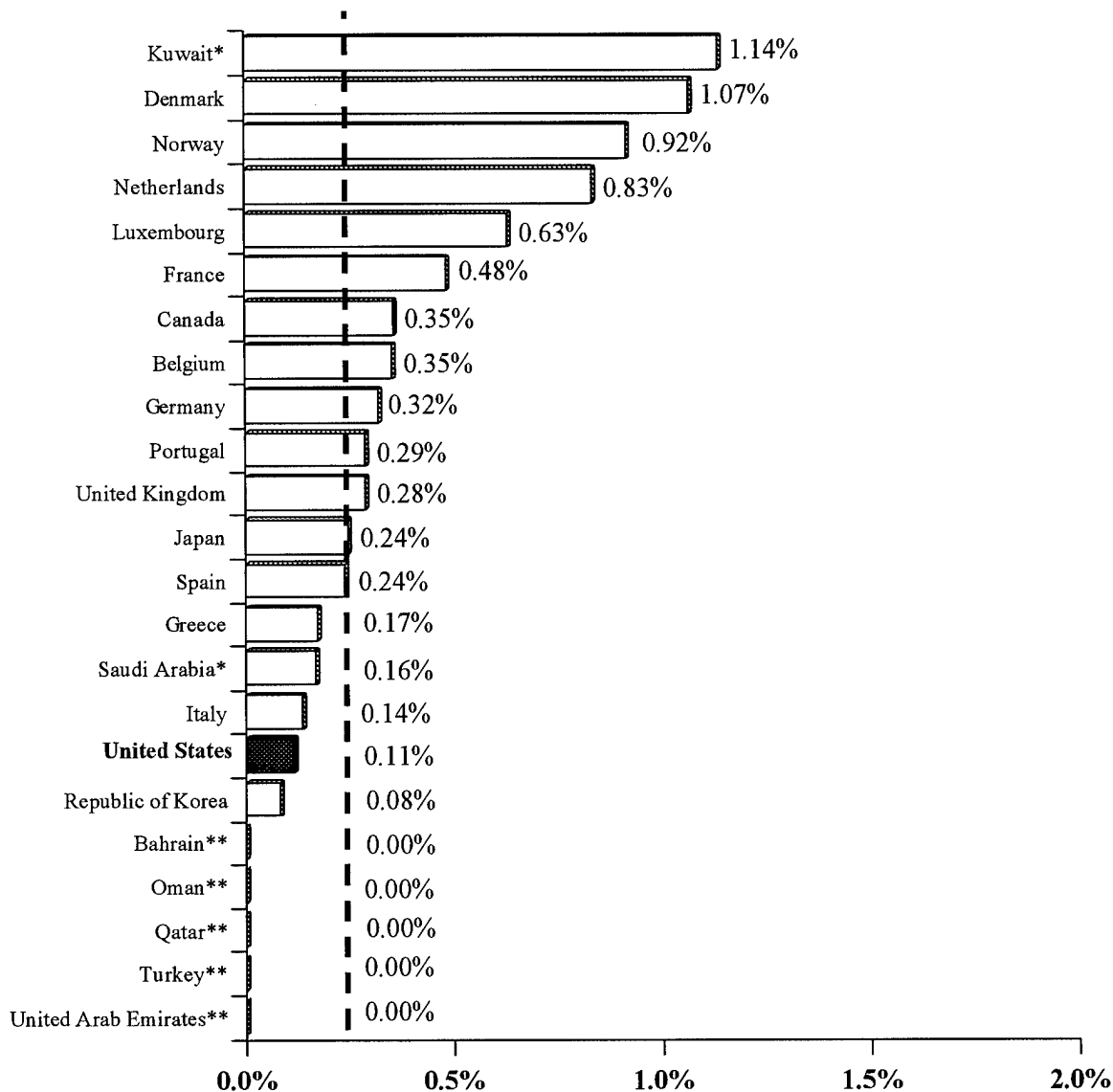
To improve the comparability of foreign assistance contributions among nations, Chart III-24 depicts each nation's foreign assistance contributions relative to its GDP for 1997. From this perspective, the largest grant aid donors are Kuwait, Denmark, Norway, and the Netherlands (the only nations to meet or surpass UN assistance targets of 0.7 percent of GDP). Among nations for which complete data are available, the United States ranks as the second lowest of all donor nations assessed in this Report, ahead of only the Republic of Korea.

Eleven of the countries addressed in this Report provided foreign assistance shares significantly (at least 20 percent) greater than their share of GDP – in addition to the four countries identified above, this includes Luxembourg, France, Canada, Belgium, Germany, Portugal, and the United Kingdom.

Chart III-24

Foreign Assistance as a Percentage of GDP

1997



* Includes only ODA; OA data not available.

** No data available.

Dashed line represents the defense spending/GDP ratio at which a country's share of aggregate defense spending equals its share of aggregate GDP. Countries at this level are contributing their "fair share" of defense spending. Countries above this level are contributing beyond their "fair share," and conversely.

See Annex, Section C.

Assessment of Foreign Assistance Contributions

In the FY 1999 Defense Authorization Act, Congress established two targets for our allies in the area of foreign assistance: increase foreign assistance by 10 percent compared to the preceding year, or provide foreign assistance at an annual rate that is not less than one percent of GDP. This latter provision is highly restrictive, exceeding the UN target of 0.7 percent of GDP, and surpassing the United States ratio of foreign assistance/GDP by almost a factor of ten.

Only six nations met either of these targets in 1997. Specifically, allies or partners with reported increases of 10 percent or more in foreign aid contributions included the Republic of Korea (33 percent), Luxembourg (13 percent), Canada (11 percent), and Portugal (11 percent). (Note that these figures may be misleading in light of the anomalies discussed above.) In addition, based on ability to contribute, only Kuwait (1.14 percent) and Denmark (1.07 percent) made foreign assistance contributions of at least one percent of GDP.

As with other responsibility sharing indicators discussed elsewhere in this Report, the Department believes it is important to evaluate country efforts relative to their GDP share. Using this approach, eleven nations achieved a foreign aid share substantially (at least 20 percent) greater than their GDP share. As identified earlier, these countries are Kuwait, Denmark, Norway, the Netherlands, Luxembourg, France, Canada, Belgium, Germany, Portugal, and the United Kingdom.

These assessments are summarized in Charts I-1 and I-2.

CONCLUSION

Every nation (with the exception France, Norway, and the United Kingdom) addressed in this Report satisfies at least one of the responsibility sharing targets established in the FY 1999 Defense Authorization Act, and nearly half the countries satisfy two or more of them. Using the Department's approach of assessing their contributions in relation to ability to contribute, every nation satisfies at least one of the target areas. These results are summarized in Chart I-1 and I-2 presented in Chapter I.

We believe that this overall picture is positive, but we are committed to continued efforts to convince our allies and partners to achieve and maintain adequate defense budgets, and increase their contributions to multinational military activities. At the same time we will continue to emphasize the importance of increased host nation support and the critical role of foreign assistance in enhancing our collective security.

Finally, the FY 1999 Defense Authorization Act asks for a comparison of nations' responsibility sharing contributions, specifically between FY 1997 and FY 1998. As explained in the Annex, the timing of data collection and analysis prevents the Department from reporting for those exact periods. Nevertheless, in response to the Congressional requirement, Chart III-25 provides a comparison for the two most recent years for which complete and reliable data are available. In providing this comparison, the Department wishes to reiterate that a balanced assessment of nations' efforts requires a review of longer-term trends, including an evaluation of contributions relative to ability to contribute.

Chart III-25
Responsibility Sharing Indicators
Comparisons of Last Two Years of Available Data

Country	Defense Spending / GDP			Share of U.S. Overseas Stationing Costs Paid by Allies			Foreign Assistance Millions of Constant 1998 Dollars		
	1997	1998	1997-98 % Change	1996	1997	1996-97 % Change	1996	1997	1996-97 % Change
United States	3.4%	3.2%	-6.5%	NA	NA	NA	\$11,474	\$9,547	-16.8%
Belgium	1.5%	1.5%	-2.1%	19.4%	15.0%	-24.0%	\$1,008	\$832	-17.4%
Canada	1.3%	1.1%	-11.0%	N/App	N/App	N/App	\$2,009	\$2,226	10.8%
Denmark	1.7%	1.6%	-2.3%	0.1%	0.1%	-15.3%	\$1,975	\$1,816	-8.0%
France	3.0%	2.8%	-5.1%	N/App	N/App	N/App	\$8,344	\$6,694	-19.8%
Germany	1.6%	1.5%	-2.6%	26.8%	25.7%	-4.3%	\$9,067	\$6,576	-27.5%
Greece	4.6%	4.9%	6.3%	32.6%	34.0%	4.3%	\$205	\$189	-7.4%
Italy	2.0%	2.0%	-1.3%	49.4%	65.4%	32.3%	\$2,851	\$1,545	-45.8%
Luxembourg	0.9%	0.9%	2.2%	99.3%	39.8%	N/A	\$87	\$98	12.8%
Netherlands	1.9%	1.8%	-4.9%	6.5%	2.8%	-57.5%	\$3,403	\$3,016	-11.4%
Norway	2.1%	2.1%	1.1%	24.0%	30.1%	N/A	\$1,397	\$1,356	-2.9%
Portugal	2.5%	2.4%	-4.0%	3.5%	1.3%	N/A	\$249	\$276	10.8%
Spain	1.4%	1.3%	-7.0%	47.4%	46.7%	-1.5%	\$1,414	\$1,268	-10.4%
Turkey	4.1%	4.1%	-0.9%	19.5%	9.9%	-49.5%	\$287	NA	NA
United Kingdom	2.7%	2.7%	-1.0%	14.2%	15.5%	-12.0%	\$3,744	\$3,862	3.2%
Non-US NATO Total	2.2%	2.1%	-3.3%	29.2%	32.4%	7.9%	\$36,041	\$29,754	-17.4%
Japan	1.0%	1.0%	-1.2%	78.3%	75.6%	-3.5%	\$9,730	\$9,492	-2.4%
Republic of Korea	3.3%	3.2%	-1.9%	23.8%	39.9%	-12.0%	\$174	\$231	33.1%
Pacific Allies Total	1.1%	1.1%	-1.3%	68.3%	65.9%	-3.6%	\$9,904	\$9,723	-1.8%
Bahrain	5.2%	7.1%	36.1%	NA	17.0%	NA	NA	NA	NA
Kuwait	12.3%	12.0%	-3.0%	NA	NA	NA	\$438	\$376	-14.1%
Oman	11.5%	11.7%	1.4%	NA	NA	NA	NA	NA	NA
Qatar	14.4%	10.9%	-24.1%	NA	NA	NA	NA	NA	NA
Saudi Arabia	12.5%	13.0%	4.0%	NA	87.7%	NA	\$326	\$234	-28.2%
United Arab Emirates	5.3%	8.8%	65.8%	NA	NA	NA	\$34	NA	NA
GCC Total	11.0%	11.8%	7.6%	NA	NA	NA	\$798	\$610	-23.6%
GRAND TOTAL	2.6%	2.4%	-4.4%	46.3%	47.9%	-0.9%	\$58,217	\$49,635	-14.7%

Yearly data rounded. Percent change calculated using non-rounded figures.

NA (Not Available)

N/App (Not Applicable)

Chart III-25 (Cont'd.)
Responsibility Sharing Indicators
Multinational Military Activities Indicators
Comparisons of Last Two Years of Available Data

Country	Reaction Forces Share Relative to GDP Share			Share of Combat Forces Available for Peacekeeping Relative to GDP Share			UN Operations			
	1997	1998	1997-98 % Change	1997	1998	1997-98 % Change	Peacekeeping Funding Millions of Constant \$98		Peacekeeping Personnel	
							1996	1997	1997	1997-98 % Change
United States	0.7	0.7	-1.0%	NA	0.4	NA	\$288.2	\$303.2	637	583
Belgium	2.4	2.5	4.2%	NA	4.8	NA	\$20.0	\$11.9	146	11
Canada	0.6	0.6	2.0%	NA	2.3	NA	\$38.2	\$30.0	889	297
Denmark	2.8	2.9	1.7%	NA	2.6	NA	\$8.0	\$6.9	126	116
France	1.4	1.4	0.0%	NA	1.1	NA	\$94.6	\$69.1	474	664
Germany	0.7	0.8	8.4%	NA	2.4	NA	\$104.7	\$87.7	190	190
Greece	9.4	10.0	6.9%	NA	2.3	NA	\$1.2	\$1.8	13	12
Italy	1.5	1.5	1.7%	NA	1.4	NA	\$56.5	\$58.6	97	194
Luxembourg	1.0	1.1	6.1%	NA	1.9	NA	\$0.7	\$0.5	0	0
Netherlands	2.8	2.9	2.7%	NA	2.7	NA	\$17.1	\$15.0	93	169
Norway	3.0	2.8	-5.1%	NA	3.2	NA	\$6.0	\$5.3	708	153
Portugal	3.4	3.5	4.5%	NA	3.3	NA	\$1.4	\$1.6	474	155
Spain	1.9	1.9	-0.1%	NA	2.5	NA	\$39.7	\$22.8	56	71
Turkey	7.1	7.4	5.4%	NA	2.7	NA	\$1.1	\$0.0	42	42
United Kingdom	2.8	2.4	-13.1%	NA	1.9	NA	\$103.2	\$67.8	459	416
Non-US NATO Total	1.8	1.8	-3.3%	NA	1.9	NA	\$492.4	\$379.2	3,767	2,490
Japan	0.0	0.0	NA	NA	0.0	NA	\$96.5	\$134.1	45	44
Republic of Korea	0.0	0.0	NA	NA	0.8	NA	\$1.3	\$1.2	27	32
Pacific Allies Total	0.0	0.0	NA	NA	0.1	NA	\$97.8	\$135.3	72	76
Bahrain	2.8	2.8	0.0%	NA	0.0	NA	\$0.1	\$0.0	0	0
Kuwait	1.5	1.5	0.0%	NA	0.0	NA	\$0.5	\$0.4	0	0
Oman	1.0	1.0	0.0%	NA	0.0	NA	\$0.2	\$0.1	0	0
Qatar	1.4	1.4	0.0%	NA	0.0	NA	\$0.1	\$0.1	0	0
Saudi Arabia	0.3	0.3	0.0%	NA	0.0	NA	\$5.1	\$1.7	0	0
United Arab Emirates	0.4	0.4	0.0%	NA	0.0	NA	\$0.7	\$0.4	0	0
GCC Total	0.6	0.6	0.0%	NA	0.0	NA	\$6.6	\$2.7	0	0
GRAND TOTAL	1.0	1.0	0.0%	NA	1.0	NA	\$884.9	\$820.4	4,476	3,149

Yearly data rounded. Percent change calculated using non-rounded figures.

NA (Not Available)

ANNEX

DATA NOTES, COUNTRY SUMMARIES, AND ADDITIONAL STATISTICS

This Annex is organized into five sections, described below.

A. Data Notes. This section presents sources and notes pertaining to the data used in the Report and summarized in this Annex.

B. Country Summaries. This section provides summary information for responsibility sharing contributions on a country-by-country basis.

Defense capability measures shown in these tables, reflect a country's share of total contributions relative to its share of ability to contribute. Thus, a ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Note: With the exception of cost sharing estimates, all dollar figures shown in the country summary charts are in 1998 dollars, using 1998 exchange rates. Cost sharing figures reflect 1997 contributions, and are calculated using 1997 dollars and exchange rates.

C. Selected Indicators. Data upon which many of the Report's assessments are based involve a comparison of a country's contributions relative to its ability to contribute. This section provides the data upon which this analysis is based. The analysis is conducted in three stages:

- A country's *contribution* is expressed as a share of the total contributions of all nations in the Report (e.g., share of total defense spending, share of total active-duty military personnel). These data are presented in Table C-2 through C-4.
- Similarly, a country's *ability to contribute* is expressed as a share of the total of all nations in the Report (i.e., share of total GDP, share of total labor force). These data are shown in Table C-1.
- By creating a ratio of the share of contribution divided by the share of ability to contribute, analysts can draw conclusions as to the extent and the equity of nations' efforts. These ratios are provided in Table C-5 through C-7.

When this analysis results in a ratio of around 1.0, a country's contribution is judged to be in balance with its ability to contribute. Generally speaking, the Department gives a nation credit for "substantial contributions" relative to its ability to contribute when it achieves a ratio of 1.2 or greater. Ratios of 0.8 or less indicate very low effort relative to ability to contribute.

D. Bilateral Cost Sharing. This section presents detailed estimates of nations' bilateral cost sharing support for the United States during 1997, the most recent year for which complete data are available.

E. Additional Statistics. This section provides data values upon which many of the Selected Indicators are based. Most of the tables in this section also provide information such as subtotals, shares, and ranks. *Note:* In Tables E-8 through E-10, only shares and ranks can be presented, since actual data values are classified.

A. DATA NOTES

The assessments presented in this Report are only as good as the data upon which they are based. The Department has every confidence that the data used for the assessments in this Report are as complete, current, and comprehensive as they can be, given the deadlines established in the legislation.

Timing and Limitations

The FY 1999 Defense Authorization Act stipulates that allies should take certain actions or achieve certain results in various indicators of responsibility sharing by September 30, 1998. Due to unavoidable time lags in the collection and analysis of the necessary data, this Report relies on statistics for 1997 and 1998. Projected data for 1999 are either not available for many key elements necessary to the analysis, or where available, are generally unreliable. The Department is therefore unable to assess countries' performance against Congressional targets set for 1999, and -- due to these time lags in data collection and analysis -- will be unable to do so for another one to two years.

The FY 1999 Defense Authorization Act also requires the Department to measure the year-to-year change in nations' responsibility sharing performance, specifically between February 28, 1998 and February 28, 1999. Because of the timing issues described above, data are simply not yet available as of this writing to permit this specific comparison. Instead, the Department has compiled relevant comparisons for the two most recent years for which complete and reliable data are available.

Data Sources

Defense spending data are provided by a variety of sources. NATO's December 1998 report on *Financial and Economic Data Relating to NATO Defense* is the primary source for past and current defense spending data for the NATO nations, including the United States. Sources of defense spending data for Japan, the Republic of Korea, and the GCC nations include U.S. embassies in the host nations, recent national defense white papers (where available), and the International Institute for Strategic Studies (IISS).

For purposes of standardization and comparability, this Report presents defense spending figures using the NATO definition wherever possible. According to this approach, defense expenditures are defined as outlays made by national governments specifically to meet the needs of the armed forces. In this context, the term "national government" limits "defense expenditures" to those of central or federal governments, to the exclusion of state, provincial, local, or municipal authorities. Regardless of when payments are charged against the budget, defense expenditures for any given period include all payments made during that period. In cases where actual 1998 defense outlays are not available, final defense budget figures are substituted. War damage compensation, veterans' pensions, payments out of retirement accounts, and civil defense and stockpiling costs for industrial raw materials or semi-furnished products are not included in this definition of defense spending.

GDP data for NATO members, the Republic of Korea, and Japan are taken from the Organization for Economic Cooperation and Development (OECD). GDP data for the GCC countries (which are not reported by OECD) are drawn from the World Bank and The Economist Intelligence Unit (EIU).

UN peacekeeping data are taken from the latest available UN reports (funding through December 1997, personnel as of November 1998).

Military personnel data are taken from the Annual NATO Press Release (December 1998) and the International Institute of Strategic Studies.

Military forces data (ground, naval, and air) are drawn from a variety of sources.

In general, forces data are based on information provided by nations under the CFE data exchange (for those forces limited by CFE), supplemented with data from responses to NATO's *Defense Planning Questionnaire* (for those nations that participate in NATO's integrated defense planning process), open sources (such as *Jane's Defense* publications and magazines and the International Institute for Strategic Studies' (IISS) *Military Balance for 1998-99*), and DoD sources.

Ground combat capability data assess all major combat systems, including tanks, armored personnel carriers, armored infantry fighting vehicles, artillery, anti-tank weapons, and attack helicopters for army and marine units. Transport, small arms, or combat support assets are not included. The quantity and quality of nations' equipment holdings are assessed using widely accepted static measures. Estimates are normalized using the score of a U.S. armored brigade in order to express each nation's static ground force potential in terms of a standardized unit of measure. Comparable time-series data for ground combat capability are available only from 1994.

Naval tonnage data includes aircraft carriers, attack submarines (non-strategic), principal surface combatants (cruisers, destroyers, frigates, and corvettes), mine warfare ships and craft (including mine layers), patrol combatant ships, and amphibious warfare ships. Strategic submarines, patrol craft, amphibious craft, or service support craft are not included.

Air forces data includes fixed-wing combat aircraft (air force, naval, and marine assets) in the following categories: fighter/interceptor, fighter/bomber, conventional bomber, and tactical fighter reconnaissance aircraft (including combat capable trainer and electronic warfare aircraft). Not included are maritime patrol aircraft (MPA), anti-submarine warfare (ASW) aircraft, transports or air-to-air refueling aircraft, strategic bombers, or any support or special mission aircraft.

Multinational military activities data assesses a.) national contributions to NATO's Reaction Forces and other multinational formations, and b.) national forces that are available for prolonged UN, NATO, OSCE and/or WEU peacekeeping operations. Ground forces contributions are quantified in combat maneuver brigade equivalents (excluding organic divisional combat support units), and naval contributions in numbers of principal surface combatants (PSCs). Air forces contributions are measured in terms of combat aircraft when assessing multinational reaction forces, and combat and support aircraft when tallying forces available for peacekeeping.

Cost sharing data are provided by U.S. embassies and DoD components, including the military departments and commands. DoD components also provide estimates of U.S. stationing costs by country. Extensive manual calculations are required to determine the estimated value of contributions made by each nation to the United States, and of U.S. expenses incurred overseas. Cost sharing data and stationing cost estimates for a given year are collected by the Department during the spring of the following year, and are then evaluated and published as budget exhibits. Due to the Congressional deadline for this Report, the Department must provide estimates for 1997. Data gaps and the classification of some figures prevent full coverage of cost sharing and stationing cost estimates for all nations covered in this Report. For example, cost offset percentages cannot be calculated for most GCC nations due to lack of information regarding U.S. stationing costs in those countries.

Bilateral cost sharing is divided into two categories, according to whether the costs are borne by the host nation on-budget (direct cost sharing), or only as imputed values of foregone revenues (indirect cost sharing). Direct cost sharing includes costs borne by host nations in support of stationed U.S. forces for rents on privately owned land and facilities, labor, utilities, facilities, and vicinity improvements. Indirect cost sharing includes foregone rents and revenues, including rents on government-owned land and facilities occupied or used by U.S. forces at no or reduced cost to the United States, and tax concessions or customs duties waived by the host nation.

Due to multiple sources for cost sharing data, these estimates are subject to some variation. Generally in this Report, the Department uses the *conservative* end of the range. In addition, fluctuations in exchange rates over time can cause differences in the estimates. This is particularly noticeable for our Pacific allies, where large shares of cost sharing are conducted in host currency, and where we have recently experienced large variations in exchange rates.

Foreign assistance data are provided by the OECD. The OECD's Development Assistance Committee (DAC) encourages commitments of international aid, coordinated aid policies, and consistent aid reporting. The DAC's definition of "official development assistance" (ODA) is recognized as the international standard for reporting aid provided to developing countries and multilateral institutions. This is immensely useful, since "aid" is an extremely broad term, and encompasses many different types of assistance, which can make contributions from various nations very difficult to compare directly.

OECD has a 27-nation membership (G-27), including all NATO countries and Japan. The G-27 establishes economic and political conditions that nations must meet before receiving assistance (e.g., demonstrated commitment to political reform, and free and fair elections). Subsidies are provided in the form of trade and investment credits, grants, and loan guarantees, and are directed into areas such as food aid, medical supplies, and technical assistance in management training, privatization, bank and regulatory reform, environmental projects, market access/trade, nuclear reactor safety, and democratic institution building. The G-27 is also coordinating nuclear safety assistance to the New Independent State of the former Soviet Union (NIS).














Aid to 12 of the 22 emerging economies of Central Europe and the NIS does not qualify as official development assistance for OECD purposes, but instead is categorized as "official aid" (OA). Both categories, ODA and OA, cover identical types of assistance, with the only difference being the recipient nations. Other OA recipient nations include more advanced developing countries (e.g., Israel, Kuwait, Qatar, and the United Arab Emirates). Recipient nations move from one category of aid to the other depending on their development status. In 1997, Moldova switched to become an ODA recipient and Israel, an OA recipient nation. Total foreign assistance evaluated in this Report is the sum of all ODA and OA.

Foreign assistance data in this Report cover the period 1990 through 1997. At this time, complete and reliable foreign assistance data is available only through 1997 due to complexities and delays in the OECD collection and reporting process, and data are still not complete for some countries for 1990, and 1995-1997. No data are available for Turkey or the United Arab Emirates in 1997, nor in any year for Bahrain, Oman, and Qatar.

B. COUNTRY SUMMARIES














BELGIUM

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$239.1	 11
Per Capita GDP.....	\$23,404.8	 8
(U) Defense Spending (1998)		
Total (Billions).....	\$3.57	 16
Percentage of GDP.....	1.49%	 19
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	11	
Personnel as a Percentage of Labor Force.....	0.0003%	 13
1997 Total Funding (Millions).....	\$11.91	
Funding as a Percentage of GDP.....	0.0049%	 2
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	43.0	 17
Percentage of Labor Force.....	1.00%	 16
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.73	 17
Naval Tonnage Share/GDP Share.....	0.18	 21
Combat Aircraft Share/GDP Share.....	1.30	 11
(U) Foreign Assistance (1997)		
Total (Millions).....	\$832.43	 12
Percentage of GDP.....	0.35%	 8
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$45.74	
Total.....	\$45.74	














CANADA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$629.1	 7
Per Capita GDP.....	\$20,458.7	 11
(U) Defense Spending (1998)		
Total (Billions).....	\$7.06	 11
Percentage of GDP.....	1.12%	 21
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	297	
Personnel as a Percentage of Labor Force.....	0.0019%	 6
1997 Total Funding (Millions).....	\$30.00	
Funding as a Percentage of GDP.....	0.0047%	 5
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	61.0	 14
Percentage of Labor Force.....	0.39%	 22
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.37	 21
Naval Tonnage Share/GDP Share.....	0.69	 16
Combat Aircraft Share/GDP Share.....	0.36	 21
(U) Foreign Assistance (1997)		
Total (Millions).....	\$2,226.40	 7
Percentage of GDP.....	0.35%	 7
(U) Host Nation Support/ Defense Cost Sharing (1997)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

DENMARK

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$170.4	 13
Per Capita GDP.....	\$32,193.4	 3
(U) Defense Spending (1998)		
Total (Billions).....	\$2.75	 18
Percentage of GDP.....	1.62%	 17
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	116	
Personnel as a Percentage of Labor Force.....	0.0040%	 2
1997 Total Funding (Millions).....	\$6.93	
Funding as a Percentage of GDP.....	0.0040%	 9
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	25.2	 19
Percentage of Labor Force.....	0.87%	 17
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	1.25	 11
Naval Tonnage Share/GDP Share.....	0.73	 13
Combat Aircraft Share/GDP Share.....	0.75	 18
(U) Foreign Assistance (1997)		
Total (Millions).....	\$1,815.96	 8
Percentage of GDP.....	1.07%	 2
(U) Host Nation Support/ Defense Cost Sharing (1997)		
(Millions)		
Direct Support.....	\$0.02	
Indirect Support.....	\$0.06	
Total.....	\$0.07	














FRANCE

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$1,389.1	4
Per Capita GDP.....	\$23,660.0	7
(U) Defense Spending (1998)		
Total (Billions).....	\$39.22	2
Percentage of GDP.....	2.82%	11
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	664	
Personnel as a Percentage of Labor Force.....	0.0026%	4
1997 Total Funding (Millions).....	\$69.13	
Funding as a Percentage of GDP.....	0.0049%	3
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	449.3	4
Percentage of Labor Force.....	1.74%	10
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.66	18
Naval Tonnage Share/GDP Share.....	0.72	14
Combat Aircraft Share/GDP Share.....	1.11	13
(U) Foreign Assistance (1997)		
Total (Millions).....	\$6,693.96	3
Percentage of GDP.....	0.48%	6
(U) Host Nation Support/ Defense Cost Sharing (1997)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		














GERMANY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$2,073.2	 3
Per Capita GDP.....	\$25,070.0	 6
(U) Defense Spending (1998)		
Total (Billions).....	\$31.95	 5
Percentage of GDP.....	1.54%	 18
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	190	
Personnel as a Percentage of Labor Force.....	0.0005%	 9
1997 Total Funding (Millions).....	\$87.73	
Funding as a Percentage of GDP.....	0.0042%	 6
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	333.0	 6
Percentage of Labor Force.....	0.87%	 18
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.80	 16
Naval Tonnage Share/GDP Share.....	0.24	 20
Combat Aircraft Share/GDP Share.....	0.52	 20
(U) Foreign Assistance (1997)		
Total (Millions).....	\$6,575.66	 4
Percentage of GDP.....	0.32%	 9
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$16.91	
Indirect Support.....	\$1,207.88	
Total.....	\$1,224.80	














GREECE

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$112.1	 16
Per Capita GDP.....	\$10,544.2	 17
(U) Defense Spending (1998)		
Total (Billions).....	\$5.45	 13
Percentage of GDP.....	4.86%	 7
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	12	
Personnel as a Percentage of Labor Force.....	0.0003%	 12
1997 Total Funding (Millions).....	\$1.82	
Funding as a Percentage of GDP.....	0.0016%	 15
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	202.0	 9
Percentage of Labor Force.....	4.56%	 3
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	8.71	 2
Naval Tonnage Share/GDP Share.....	3.64	 2
Combat Aircraft Share/GDP Share.....	8.98	 1
(U) Foreign Assistance (1997)		
Total (Millions).....	\$189.41	 17
Percentage of GDP.....	0.17%	 14
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.01	
Indirect Support.....	\$17.49	
Total.....	\$17.50	

ITALY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$1,142.8	 6
Per Capita GDP.....	\$19,820.9	 12
(U) Defense Spending (1998)		
Total (Billions).....	\$22.38	 6
Percentage of GDP.....	1.96%	 16
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	194	
Personnel as a Percentage of Labor Force.....	0.0008%	 8
1997 Total Funding (Millions).....	\$58.59	
Funding as a Percentage of GDP.....	0.0050%	 1
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	402.0	 5
Percentage of Labor Force.....	1.76%	 9
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.64	 19
Naval Tonnage Share/GDP Share.....	0.51	 18
Combat Aircraft Share/GDP Share.....	0.91	 16
(U) Foreign Assistance (1997)		
Total (Millions).....	\$1,544.81	 9
Percentage of GDP.....	0.14%	 16
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$1,092.79	
Total.....	\$1,092.79	














LUXEMBOURG

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$15.7	20
Per Capita GDP.....	\$36,559.3	1
(U) Defense Spending (1998)		
Total (Billions).....	\$0.14	23
Percentage of GDP.....	0.87%	23
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	17 (tied for last)
1997 Total Funding (Millions).....	\$0.55	
Funding as a Percentage of GDP.....	0.0034%	12
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	1.0	23
Percentage of Labor Force.....	0.56%	21
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.06	23
Naval Tonnage Share/GDP Share.....	0.00	23
Combat Aircraft Share/GDP Share.....	0.00	23
(U) Foreign Assistance (1997)		
Total (Millions).....	\$98.34	18
Percentage of GDP.....	0.63%	5
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$15.00	
Total.....	\$15.00	

NETHERLANDS

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$362.9	 9
Per Capita GDP.....	\$23,117.5	 9
(U) Defense Spending (1998)		
Total (Billions).....	\$6.53	 12
Percentage of GDP.....	1.80%	 16
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	169	
Personnel as a Percentage of Labor Force.....	0.0025%	 5
1997 Total Funding (Millions).....	\$15.02	
Funding as a Percentage of GDP.....	0.0041%	 8
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	57.0	 15
Percentage of Labor Force.....	0.84%	 19
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	1.00	 13
Naval Tonnage Share/GDP Share.....	0.88	 11
Combat Aircraft Share/GDP Share.....	0.92	 14
(U) Foreign Assistance (1997)		
Total (Millions).....	\$3,016.03	 6
Percentage of GDP.....	0.83%	 4
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$3.19	
Total.....	\$3.19	














NORWAY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$147.9	14
Per Capita GDP.....	\$33,515.2	2
(U) Defense Spending (1998)		
Total (Billions).....	\$3.17	17
Percentage of GDP.....	2.14%	14
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	153	
Personnel as a Percentage of Labor Force.....	0.0066%	1
1997 Total Funding (Millions).....	\$5.33	
Funding as a Percentage of GDP.....	0.0036%	10
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	33.0	18
Percentage of Labor Force.....	1.43%	13
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	1.35	10
Naval Tonnage Share/GDP Share.....	0.97	10
Combat Aircraft Share/GDP Share.....	0.91	15
(U) Foreign Assistance (1997)		
Total (Millions).....	\$1,355.70	10
Percentage of GDP.....	0.92%	3
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$1.20	
Indirect Support.....	\$0.00	
Total.....	\$1.20	














PORTUGAL

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$96.4	 17
Per Capita GDP.....	\$9,670.5	 18
(U) Defense Spending (1998)		
Total (Billions).....	\$2.30	 19
Percentage of GDP.....	2.38%	 13
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	155	
Personnel as a Percentage of Labor Force.....	0.0033%	 3
1997 Total Funding (Millions).....	\$1.58	
Funding as a Percentage of GDP.....	0.0016%	 14
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	75.0	 12
Percentage of Labor Force.....	1.61%	 11
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.96	 14
Naval Tonnage Share/GDP Share.....	1.39	 8
Combat Aircraft Share/GDP Share.....	1.94	 10
(U) Foreign Assistance (1997)		
Total (Millions).....	\$275.61	 14
Percentage of GDP.....	0.29%	 10
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$0.90	
Total.....	\$0.90	












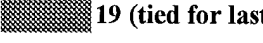
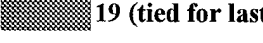
SPAIN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$534.2	 8
Per Capita GDP.....	\$13,549.2	 16
(U) Defense Spending (1998)		
Total (Billions).....	\$7.17	 10
Percentage of GDP.....	1.34%	 20
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	71	
Personnel as a Percentage of Labor Force.....	0.0004%	 10
1997 Total Funding (Millions).....	\$22.77	
Funding as a Percentage of GDP.....	0.0042%	 7
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	189.0	 10
Percentage of Labor Force.....	1.16%	 14
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.89	 15
Naval Tonnage Share/GDP Share.....	1.07	 9
Combat Aircraft Share/GDP Share.....	0.75	 19
(U) Foreign Assistance (1997)		
Total (Millions).....	\$1,268.00	 11
Percentage of GDP.....	0.24%	 13
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.49	
Indirect Support.....	\$122.26	
Total.....	\$122.75	














TURKEY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$195.9	 12
Per Capita GDP.....	\$3,016.1	 23
(U) Defense Spending (1998)		
Total (Billions).....	\$7.96	 11
Percentage of GDP.....	4.06%	 9
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	42	
Personnel as a Percentage of Labor Force.....	0.0002%	 14
1997 Total Funding (Millions).....	\$0.00	
Funding as a Percentage of GDP.....	0.0000%	 23
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	833.0	 2
Percentage of Labor Force.....	3.60%	 5
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	7.30	 3
Naval Tonnage Share/GDP Share.....	2.77	 3
Combat Aircraft Share/GDP Share.....	4.75	 4
(U) Foreign Assistance (1997)		
Total (Millions).....	\$0.00	 19 (tied for last)
Percentage of GDP.....	0.00%	 19 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.04	
Indirect Support.....	\$16.42	
Total.....	\$16.47	

UNITED KINGDOM

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$1,366.0	 5
Per Capita GDP.....	\$23,099.3	 10
(U) Defense Spending (1998)		
Total (Billions).....	\$37.07	 4
Percentage of GDP.....	2.71%	 12
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	416	
Personnel as a Percentage of Labor Force.....	0.0014%	 7
1997 Total Funding (Millions).....	\$67.79	
Funding as a Percentage of GDP.....	0.0048%	 4
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	216.0	 8
Percentage of Labor Force.....	0.74%	 20
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.43	 20
Naval Tonnage Share/GDP Share.....	1.52	 5
Combat Aircraft Share/GDP Share.....	0.89	 17
(U) Foreign Assistance (1997)		
Total (Millions).....	\$3,862.16	 5
Percentage of GDP.....	0.28%	 11
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$3.34	
Indirect Support.....	\$90.67	
Total.....	\$94.01	














UNITED STATES

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$8,436.1	1
Per Capita GDP.....	\$31,141.5	4
(U) Defense Spending (1998)		
Total (Billions).....	\$269.76	1
Percentage of GDP.....	3.20%	10
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	583	
Personnel as a Percentage of Labor Force.....	0.0004%	11
1997 Total Funding (Millions).....	\$303.18	
Funding as a Percentage of GDP.....	0.0035%	11
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	1518.0	1
Percentage of Labor Force.....	1.10%	15
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	1.11	12
Naval Tonnage Share/GDP Share.....	1.47	6
Combat Aircraft Share/GDP Share.....	1.17	12
(U) Foreign Assistance (1997)		
Total (Millions).....	\$9,547.12	1
Percentage of GDP.....	0.11%	17
(U) Host Nation Support/ Defense Cost Sharing (1997)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		














JAPAN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$3,916.8	 2
Per Capita GDP.....	\$31,009.6	 5
(U) Defense Spending (1998)		
Total (Billions).....	\$38.05	 3
Percentage of GDP.....	0.97%	 22
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	44	
Personnel as a Percentage of Labor Force.....	0.0001%	 16
1997 Total Funding (Millions).....	\$134.07	
Funding as a Percentage of GDP.....	0.0034%	 13
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	242.6	 7
Percentage of Labor Force.....	0.36%	 23
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	0.16	 22
Naval Tonnage Share/GDP Share.....	0.37	 19
Combat Aircraft Share/GDP Share.....	0.20	 22
(U) Foreign Assistance (1997)		
Total (Millions).....	\$9,492.12	 2
Percentage of GDP.....	0.24%	 12
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$2,944.12	
Indirect Support.....	\$781.02	
Total.....	\$3,725.13	














REPUBLIC OF KOREA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$296.0	 10
Per Capita GDP.....	\$6,424.2	 22
(U) Defense Spending (1998)		
Total (Billions).....	\$9.51	 8
Percentage of GDP.....	3.21%	 9
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	32	
Personnel as a Percentage of Labor Force.....	0.0001%	 15
1997 Total Funding (Millions).....	\$1.22	
Funding as a Percentage of GDP.....	0.0004%	 22
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	672.0	 3
Percentage of Labor Force.....	3.11%	 7
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	5.74	 7
Naval Tonnage Share/GDP Share.....	1.46	 7
Combat Aircraft Share/GDP Share.....	3.52	 8
(U) Foreign Assistance (1997)		
Total (Millions).....	\$231.09	 16
Percentage of GDP.....	0.08%	 18
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$350.40	
Indirect Support.....	\$385.84	
Total.....	\$736.24	





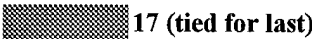








BAHRAIN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$5.7	 23
Per Capita GDP.....	\$8,707.0	 19
(U) Defense Spending (1998)		
Total (Billions).....	\$0.40	 22
Percentage of GDP.....	7.10%	 6
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 17 (tied for last)
1997 Total Funding (Millions).....	\$0.04	
Funding as a Percentage of GDP.....	0.0007%	 20
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	11.0	 22
Percentage of Labor Force.....	4.09%	 4
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	12.04	 1
Naval Tonnage Share/GDP Share.....	2.16	 4
Combat Aircraft Share/GDP Share.....	7.84	 2
(U) Foreign Assistance (1997)		
Total (Millions).....	\$0.00	 19 (tied for last)
Percentage of GDP.....	0.00%	 19 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$2.15	
Indirect Support.....	\$2.35	
Total.....	\$4.50	














KUWAIT

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$33.1	 19
Per Capita GDP.....	\$16,888.9	 14
(U) Defense Spending (1998)		
Total (Billions).....	\$3.96	 14
Percentage of GDP.....	11.96%	 2
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 17 (tied for last)
1997 Total Funding (Millions).....	\$0.40	
Funding as a Percentage of GDP.....	0.0012%	 16
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	15.3	 20
Percentage of Labor Force.....	1.95%	 8
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	7.28	 4
Naval Tonnage Share/GDP Share.....	0.12	 22
Combat Aircraft Share/GDP Share.....	2.57	 9
(U) Foreign Assistance (1997)		
Total (Millions).....	\$375.98	 13
Percentage of GDP.....	1.14%	 1
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$77.06	
Indirect Support.....	\$4.76	
Total.....	\$81.82	

OMAN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$15.5	 21
Per Capita GDP.....	\$6,660.3	 21
(U) Defense Spending (1998)		
Total (Billions).....	\$1.81	 20
Percentage of GDP.....	11.68%	 3
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 17 (tied for last)
1997 Total Funding (Millions).....	\$0.10	
Funding as a Percentage of GDP.....	0.0006%	 21
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	43.5	 16
Percentage of Labor Force.....	6.79%	 1
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	4.69	 8
Naval Tonnage Share/GDP Share.....	3.74	 1
Combat Aircraft Share/GDP Share.....	5.62	 3
(U) Foreign Assistance (1997)		
Total (Millions).....	\$0.00	 19 (tied for last)
Percentage of GDP.....	0.00%	 19 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$49.96	
Total.....	\$49.96	





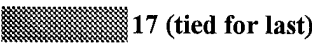








QATAR

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$11.3	22
Per Capita GDP.....	\$17,947.8	13
(U) Defense Spending (1998)		
Total (Billions).....	\$1.24	21
Percentage of GDP.....	10.93%	4
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	17 (tied for last)
1997 Total Funding (Millions).....	\$0.12	
Funding as a Percentage of GDP.....	0.0010%	18
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	11.8	21
Percentage of Labor Force.....	3.15%	6
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	4.00	9
Naval Tonnage Share/GDP Share.....	0.57	17
Combat Aircraft Share/GDP Share.....	3.92	7
(U) Foreign Assistance (1997)		
Total (Millions).....	\$0.00	19 (tied for last)
Percentage of GDP.....	0.00%	19 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1997)		
(Millions)		
Direct Support.....	} <u>Not Available</u>	
Indirect Support.....		
Total.....		





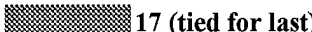






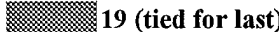
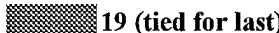
SAUDI ARABIA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$142.2	 15
Per Capita GDP.....	\$7,030.9	 20
(U) Defense Spending (1998)		
Total (Billions).....	\$18.42	 7
Percentage of GDP.....	12.95%	 1
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 17 (tied for last)
1997 Total Funding (Millions).....	\$1.68	
Funding as a Percentage of GDP.....	0.0012%	 17
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	105.5	 11
Percentage of Labor Force.....	1.53%	 12
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	6.05	 6
Naval Tonnage Share/GDP Share.....	0.82	 12
Combat Aircraft Share/GDP Share.....	4.64	 5
(U) Foreign Assistance (1997)		
Total (Millions).....	\$233.87	 15
Percentage of GDP.....	0.16%	 15
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$11.05	
Indirect Support.....	\$97.11	
Total.....	\$108.16	

UNITED ARAB EMIRATES

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1998)		
Total (Billions).....	\$42.2	 18
Per Capita GDP.....	\$15,760.0	 15
(U) Defense Spending (1998)		
Total (Billions).....	\$3.73	 15
Percentage of GDP.....	8.84%	 5
(U) UN Peace Operations (1997-1998)		
1998 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 17 (tied for last)
1997 Total Funding (Millions).....	\$0.40	
Funding as a Percentage of GDP.....	0.0009%	 19
(U) Active-Duty Military Personnel (1998)		
Total (Thousands).....	64.5	 13
Percentage of Labor Force.....	5.06%	 2
(U) Defense Capability Measures (1998)		
Ground Combat Capability Share/GDP Share.....	7.03	 5
Naval Tonnage Share/GDP Share.....	0.72	 15
Combat Aircraft Share/GDP Share.....	4.51	 6
(U) Foreign Assistance (1997)		
Total (Millions).....	\$0.00	 19 (tied for last)
Percentage of GDP.....	0.00%	 19 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1997) (Millions)		
Direct Support.....	\$0.05	
Indirect Support.....	\$10.36	
Total.....	\$10.41	

C. SELECTED INDICATORS

Table C-1
Selected Indicators of Ability to Contribute

Rank		GDP Share		Labor Force Share		Per Capita GDP (% of Highest Nation)
1	US	39.47%	US	31.79%	LU	100.00%
2	JA	18.33%	JA	15.62%	NO	91.67%
3	GM	9.70%	GM	8.85%	DA	88.06%
4	FR	6.50%	UK	6.67%	US	85.18%
5	UK	6.39%	FR	5.94%	JA	84.82%
6	IT	5.35%	TU	5.32%	GM	68.57%
7	CA	2.94%	IT	5.27%	FR	64.72%
8	SP	2.50%	KS	4.98%	BE	64.02%
9	NL	1.70%	SP	3.75%	NL	63.23%
10	KS	1.38%	CA	3.58%	UK	63.18%
11	BE	1.12%	SA	1.59%	CA	55.96%
12	TU	0.92%	NL	1.57%	IT	54.22%
13	DA	0.80%	PO	1.07%	QA	49.09%
14	NO	0.69%	GR	1.02%	KU	46.20%
15	SA	0.67%	BE	0.99%	UAE	43.11%
16	GR	0.52%	DA	0.67%	SP	37.06%
17	PO	0.45%	NO	0.53%	GR	28.84%
18	UAE	0.20%	UAE	0.29%	PO	26.45%
19	KU	0.15%	KU	0.18%	BA	23.82%
20	LU	0.07%	OM	0.15%	SA	19.23%
21	OM	0.07%	QA	0.09%	OM	18.22%
22	QA	0.05%	BA	0.06%	KS	17.57%
23	BA	0.03%	LU	0.04%	TU	8.25%
Non-U.S. NATO		39.65%		45.26%		51.52%
NATO		79.12%		77.05%		64.17%
Pacific Allies		19.71%		20.59%		66.85%
GCC		1.17%		2.35%		24.02%
Total Allies		60.53%		68.21%		54.37%
Grand Total		100.00%		100.00%		63.43%

Table C-2
Selected Indicators of Contributions

			Active - Duty Military Personnel Share	
Rank		Defense Spending Share		
1	US	51.52%	US	27.09%
2	FR	7.49%	TU	14.87%
3	JA	7.27%	KS	11.99%
4	UK	7.08%	FR	8.02%
5	GM	6.10%	IT	7.17%
6	IT	4.27%	GM	5.94%
7	SA	3.52%	JA	4.33%
8	KS	1.82%	UK	3.85%
9	TU	1.52%	GR	3.60%
10	SP	1.37%	SP	3.37%
11	CA	1.35%	SA	1.88%
12	NL	1.25%	PO	1.34%
13	GR	1.04%	UAE	1.15%
14	KU	0.76%	CA	1.09%
15	UAE	0.71%	NL	1.02%
16	BE	0.68%	OM	0.78%
17	NO	0.61%	BE	0.77%
18	DA	0.53%	NO	0.59%
19	PO	0.44%	DA	0.45%
20	OM	0.34%	KU	0.27%
21	QA	0.24%	QA	0.21%
22	BA	0.08%	BA	0.20%
23	LU	0.03%	LU	0.02%
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Non-U.S. NATO		33.75%		52.10%
NATO		85.27%		79.19%
Pacific Allies		9.08%		16.32%
GCC		5.65%		4.49%
Total Allies		48.48%		72.91%
Grand Total		100.00%		100.00%

Table C-3
Selected Indicators of Contributions

Rank	Ground Combat Capability Share	Naval Tonnage Share	Tac Air Combat Aircraft Share
1	US 43.99%	US 58.06%	US 46.35%
2	KS 7.95%	UK 9.71%	FR 7.24%
3	GM 7.74%	JA 6.72%	UK 5.66%
4	TU 6.69%	FR 4.69%	GM 5.01%
5	GR 4.57%	IT 2.71%	KS 4.87%
6	FR 4.31%	SP 2.67%	IT 4.85%
7	SA 4.03%	TU 2.54%	GR 4.71%
8	IT 3.41%	GM 2.28%	TU 4.36%
9	JA 2.98%	CA 2.03%	JA 3.70%
10	UK 2.76%	KS 2.02%	SA 3.09%
11	SP 2.23%	GR 1.91%	SP 1.87%
12	NL 1.69%	NL 1.49%	NL 1.56%
13	UAE 1.39%	NO 0.67%	BE 1.45%
14	KU 1.13%	PO 0.63%	CA 1.07%
15	CA 1.08%	DA 0.58%	UAE 0.89%
16	DA 1.00%	SA 0.55%	PO 0.87%
17	NO 0.93%	OM 0.27%	NO 0.63%
18	BE 0.81%	BE 0.21%	DA 0.60%
19	PO 0.43%	UAE 0.14%	OM 0.41%
20	OM 0.34%	BA 0.06%	KU 0.40%
21	BA 0.32%	QA 0.03%	BA 0.21%
22	QA 0.21%	KU 0.02%	QA 0.21%
23	LU 0.00%	LU 0.00%	LU 0.00%
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Non-U.S. NATO		37.67%	32.13%
NATO		81.65%	90.19%
Pacific Allies		10.93%	8.74%
GCC		7.41%	1.07%
Total Allies		56.01%	41.94%
Grand Total		100.00%	100.00%

Table C-4
Selected Indicators of Contributions

Rank		Foreign Assistance Funding Share 1997		UN Peacekeeping Funding Share 1997		UN Peacekeeping Personnel Share 1998		Cost Sharing Share 1997
1	US	19.23%	US	36.96%	FR	21.09%	JA	50.68%
2	JA	19.12%	JA	16.34%	US	18.51%	GM	16.66%
3	FR	13.49%	GM	10.69%	UK	13.21%	IT	14.87%
4	GM	13.25%	FR	8.43%	CA	9.43%	KS	10.02%
5	UK	7.78%	UK	8.26%	IT	6.16%	SP	1.67%
6	NL	6.08%	IT	7.14%	GM	6.03%	SA	1.47%
7	CA	4.49%	CA	3.66%	NL	5.37%	UK	1.28%
8	DA	3.66%	SP	2.78%	PO	4.92%	KU	1.11%
9	IT	3.11%	NL	1.83%	NO	4.86%	OM	0.68%
10	NO	2.73%	BE	1.45%	DA	3.68%	BE	0.62%
11	SP	2.55%	DA	0.85%	SP	2.25%	GR	0.24%
12	BE	1.68%	NO	0.65%	JA	1.40%	TU	0.22%
13	KU	0.76%	GR	0.22%	TU	1.33%	LU	0.20%
14	PO	0.56%	SA	0.20%	KS	1.02%	UAE	0.14%
15	SA	0.47%	PO	0.19%	GR	0.38%	BA	0.06%
16	KS	0.47%	KS	0.15%	BE	0.35%	NL	0.04%
17	GR	0.38%	LU	0.07%	BA	0.00%	NO	0.02%
18	LU	0.20%	KU	0.05%	KU	0.00%	PO	0.01%
19	BA	NA	UAE	0.05%	LU	0.00%	DA	0.00%
20	OM	NA	QA	0.01%	OM	0.00%	CA	N/App
21	QA	NA	OM	0.01%	QA	0.00%	FR	N/App
22	TU	NA	BA	0.00%	SA	0.00%	QA	NA
23	UAE	NA	TU	0.00%	UAE	0.00%	US	N/App
Non-U.S. NATO		59.95%		46.22%		79.07%		35.84%
NATO		79.18%		83.18%		97.59%		35.84%
Pacific Allies		19.59%		16.49%		2.41%		60.69%
GCC		1.23%		0.33%		0.00%		3.47%
Total Allies		80.77%		63.04%		81.49%		100.00%
Grand Total		100.00%		100.00%		100.00%		N/App

Table C-5
Selected Indicators of Contributions
Relative to Ability to Contribute

Rank		Ratio Defense Spending 1998 Share/ GDP Share		Ratio Active-Duty Military Personnel 1998 Share/ Labor Force Share
1	SA	5.29	OM	5.27
2	KU	4.88	UAE	3.92
3	OM	4.77	GR	3.54
4	QA	4.46	BA	3.17
5	UAE	3.61	TU	2.79
6	BA	2.90	QA	2.45
7	GR	1.98	KS	2.41
8	TU	1.66	KU	1.51
9	KS	1.31	IT	1.36
10	US	1.31	FR	1.35
11	FR	1.15	PO	1.25
12	UK	1.11	SA	1.19
13	PO	0.97	NO	1.11
14	NO	0.88	SP	0.90
15	IT	0.80	US	0.85
16	NL	0.73	BE	0.78
17	DA	0.66	DA	0.67
18	GM	0.63	GM	0.67
19	BE	0.61	NL	0.65
20	SP	0.55	UK	0.58
21	CA	0.46	LU	0.43
22	JA	0.40	CA	0.30
23	LU	0.36	JA	0.28
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	Non-U.S. NATO	0.85		1.15
	NATO	1.08		1.03
	Pacific Allies	0.46		0.79
	GCC	4.83		1.91
	Total Allies	0.80		1.07
	Grand Total	1.00		1.00

Table C-6
Selected Indicators of Contributions
Relative to Ability to Contribute

Rank	Ratio Ground Combat Capability 1997 Share/ GDP Share		Ratio Naval Tonnage 1998 Share/ GDP Share		Ratio Tac Air Combat Aircraft 1998 Share/ GDP Share	
1	BA	12.04	OM	3.74	GR	8.98
2	GR	8.71	GR	3.64	BA	7.84
3	TU	7.30	TU	2.77	OM	5.62
4	KU	7.28	BA	2.16	TU	4.75
5	UAE	7.03	UK	1.52	SA	4.64
6	SA	6.05	US	1.47	UAE	4.51
7	KS	5.74	KS	1.46	QA	3.92
8	OM	4.69	PO	1.39	KS	3.52
9	QA	4.00	SP	1.07	KU	2.57
10	NO	1.35	NO	0.97	PO	1.94
11	DA	1.25	NL	0.88	BE	1.30
12	US	1.11	SA	0.82	US	1.17
13	NL	1.00	DA	0.73	FR	1.11
14	PO	0.96	FR	0.72	NL	0.92
15	SP	0.89	UAE	0.72	NO	0.91
16	GM	0.80	CA	0.69	IT	0.91
17	BE	0.73	QA	0.57	UK	0.89
18	FR	0.66	IT	0.51	DA	0.75
19	IT	0.64	JA	0.37	SP	0.75
20	UK	0.43	GM	0.24	GM	0.52
21	CA	0.37	BE	0.18	CA	0.36
22	JA	0.16	KU	0.12	JA	0.20
23	LU	0.06	LU	0.00	LU	0.00
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Non-U.S. NATO		0.95		0.81		1.01
NATO		1.03		1.14		1.09
Pacific Allies		0.55		0.44		0.43
GCC		6.34		0.91		4.44
Total Allies		0.93		0.69		0.89
Grand Total		1.00		1.00		1.00

Table C-7
Selected Indicators of Contributions
Relative to Ability to Contribute

Rank		Ratio Foreign Assistance Funding 1997 Share / GDP Share		Ratio U.N. Peacekeeping Funding 1997 Share / GDP Share		Ratio U.N. Peacekeeping Personnel 1998 Share / Labor Force Share		Ratio Cost Sharing 1997 Share / GDP Share
1	KU	4.89	IT	1.34	NO	9.13	OM	5.69
2	DA	4.59	BE	1.30	DA	5.52	KS	4.38
3	NO	3.95	FR	1.30	PO	4.59	KU	4.35
4	NL	3.58	UK	1.29	FR	3.55	LU	1.68
5	LU	2.70	CA	1.24	NL	3.43	IT	1.68
6	FR	2.08	SP	1.11	CA	2.63	JA	1.67
7	CA	1.52	GM	1.10	UK	1.98	BA	1.40
8	BE	1.50	NL	1.08	IT	1.17	SA	1.34
9	GM	1.37	DA	1.06	GM	0.68	GE	1.04
10	PO	1.23	NO	0.94	SP	0.60	UAE	0.43
11	UK	1.22	US	0.94	US	0.58	SP	0.40
12	JA	1.04	LU	0.91	GR	0.37	BE	0.34
13	SP	1.02	JA	0.89	BE	0.35	GR	0.27
14	GR	0.73	PO	0.43	TU	0.25	TU	0.15
15	SA	0.71	GR	0.42	KS	0.20	UK	0.12
16	IT	0.58	KU	0.32	JA	0.09	PO	0.02
17	US	0.49	SA	0.31	BA	0.00	NL	0.02
18	KS	0.34	QA	0.27	KU	0.00	NO	0.01
19	BA	NA	UAE	0.25	LU	0.00	DA	0.00
20	OM	NA	BA	0.18	OM	0.00	CA	N/App
21	QA	NA	OM	0.17	QA	0.00	FR	N/App
22	TU	NA	KS	0.11	SA	0.00	QA	NA
23	UAE	NA	TU	0.00	UAE	0.00	US	N/App
Non-U.S. NATO		1.51		1.17		1.75		0.55
NATO		1.00		1.05		1.27		N/App
Pacific Allies		0.99		0.84		0.12		1.86
GCC		1.05		0.28		0.00		1.79
Total Allies		1.33		1.04		1.19		1.00
Grand Total		1.00		1.00		1.00		N/App

D. BILATERAL COST SHARING

BELGIUM

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	\$0.00	\$0.19
Utilities	*	*
Facilities	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.19
Indirect Support		
Rent	\$32.00	\$32.00
Taxes	\$13.74	\$13.74
Miscellaneous	*	*
Subtotal	\$45.74	\$45.74
Total	\$45.74	\$45.93

In addition to the cost of these estimates, Belgium provides important host nation support in the form of critical lines of communication and storage sites for receiving, holding, and moving forward reinforcements and materials in time of war and crisis.

CANADA

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	*	*
Facilities	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Total	\$0.00	\$0.00

DENMARK

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$0.01	\$0.01
Labor	*	*
Utilities	\$0.00 ^a	\$0.01
Facilities	\$0.00 ^a	\$0.01
Miscellaneous	\$0.00 ^a	\$0.00 ^a
Subtotal	\$0.02	\$0.03
Indirect Support		
Rent	\$0.04	\$0.04
Taxes	\$0.01	\$0.04
Miscellaneous	\$0.01	\$0.01
Subtotal	\$0.06	\$0.09
Total	\$0.07	\$0.11

^a Number is less than .01

FRANCE

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	*	*
Facilities	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Total	\$0.00	\$0.00

GERMANY

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$0.00	\$2.57
Labor	\$0.00 ^a	\$0.00 ^a
Utilities	*	*
Facilities	\$2.05	\$2.05
Miscellaneous	\$14.86	\$24.24
Subtotal	\$16.91	\$28.86
Indirect Support		
Rent	\$683.63	\$683.63
Taxes	\$505.65	\$637.13
Miscellaneous	\$18.60	\$18.60
Subtotal	\$1,207.88	\$1,339.37
Total	\$1,224.80	\$1,368.23

^a Number is less than .01

GREECE

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	\$0.00	\$0.63
Utilities	\$0.01	\$0.07
Facilities	*	*
Miscellaneous	\$0.00 ^a	\$0.00 ^a
Subtotal	\$0.01	\$0.70
Indirect Support		
Rent	\$17.49	\$17.49
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$17.49	\$17.49
Total	\$17.50	\$18.19

^a Number is less than .01

ITALY

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	*	*
Facilities	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	\$516.74	\$516.74
Taxes	\$576.05	\$631.34
Miscellaneous	*	*
Subtotal	\$1,092.79	\$1,148.08
Total	\$1,092.79	\$1,148.08

LUXEMBOURG

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$0.00	\$1.60
Labor	*	*
Utilities	*	*
Facilities	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$1.60
Indirect Support		
Rent	\$15.00	\$15.00
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$15.00	\$15.00
Total	\$15.00	\$16.60

NETHERLANDS

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	*	*
Facilities	*	*
Miscellaneous	\$0.00	\$0.40
Subtotal	\$0.00	\$0.40
Indirect Support		
Rent	\$3.19	\$3.19
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$3.19	\$3.19
Total	\$3.19	\$3.58

NORWAY

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	*	*
Facilities	\$1.20	\$1.20
Miscellaneous	\$0.00	\$7.45
Subtotal	\$1.20	\$8.65
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Total	\$1.20	\$8.65

In addition to these cost estimates, Norway provides wartime host nation support (WHNS), which is primarily focused on support and prestocking for the Norway Air-Landed Marine Expeditionary Brigade and NATO Composite Force.

PORTUGAL

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	*	*
Facilities	\$0.00	\$0.10
Miscellaneous	*	*
Subtotal	\$0.00	\$0.10
Indirect Support		
Rent	\$0.03	\$0.03
Taxes	\$0.87	\$0.87
Miscellaneous	*	*
Subtotal	\$0.90	\$0.90
Total	\$0.90	\$1.00

SPAIN

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$0.40	\$0.40
Labor	*	*
Utilities	\$0.04	\$0.04
Facilities	\$0.05	\$0.05
Miscellaneous	*	*
Subtotal	\$0.49	\$0.49
Indirect Support		
Rent	\$84.24	\$84.24
Taxes	\$38.02	\$42.65
Miscellaneous	*	*
Subtotal	\$122.26	\$126.89
Total	\$122.75	\$127.38

TURKEY

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$0.03	\$0.03
Labor	*	*
Utilities.	\$0.01	\$0.01
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.04	\$0.04
Indirect Support		
Rent	\$0.15	\$0.15
Taxes	\$13.98	\$13.98
Miscellaneous	\$2.29	\$2.29
Subtotal	\$16.42	\$16.42
Total	\$16.47	\$16.47

UNITED KINGDOM

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities.	\$0.00	\$1.31
Facilities.	\$3.29	\$3.29
Miscellaneous.	\$0.05	\$0.05
Subtotal	\$3.34	\$4.65
Indirect Support		
Rent	\$37.17	\$37.17
Taxes	\$53.49	\$62.52
Miscellaneous	*	*
Subtotal	\$90.67	\$99.70
Total	\$94.01	\$104.35

JAPAN

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$630.12	\$630.12
Labor	\$635.23	\$1,208.62
Utilities	\$208.42	\$253.77
Facilities	\$887.32	\$888.01
Miscellaneous	\$583.03	\$583.03
Subtotal	\$2,944.12	\$3,563.54
Indirect Support		
Rent	\$713.14	\$713.14
Taxes	\$67.87	\$67.87
Miscellaneous	*	*
Subtotal	\$781.02	\$781.02
Total	\$3,725.13	\$4,344.56

REPUBLIC OF KOREA

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$2.70	\$2.70
Labor	\$186.50	\$191.28
Utilities	\$0.00	\$0.00
Facilities	\$118.30	\$118.30
Miscellaneous	\$42.90	\$60.60
Subtotal	\$350.40	\$372.88
Indirect Support		
Rent	\$277.59	\$277.59
Taxes	\$108.25	\$108.25
Miscellaneous	*	*
Subtotal	\$385.84	\$385.84
Total	\$736.24	\$758.72

In November 1995, we concluded the first multi-year Special Measures Agreement (SMA) with the Republic of Korea, covering the period 1996-1998. Under the SMA, the Koreans agreed to increase their direct cost sharing contribution, which stood at \$300 million in 1995, by 10 percent each year to approximately \$400 million in 1998.

BAHRAIN

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$0.90	\$0.90
Labor	*	*
Utilities	\$0.45	\$0.45
Facilities	\$0.80	\$0.80
Miscellaneous	*	*
Subtotal	\$2.15	\$2.15
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	\$2.35	\$2.35
Subtotal	\$2.35	\$2.35
Total	\$4.50	\$4.50

KUWAIT

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$13.87	\$13.87
Labor	\$27.62	\$27.62
Utilities	\$1.68	\$1.68
Facilities	\$18.00	\$18.00
Miscellaneous	\$15.90	\$15.90
Subtotal	\$77.06	\$77.06
Indirect Support		
Rent	\$4.76	\$4.76
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$4.76	\$4.76
Total	\$81.82	\$81.82

OMAN		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	*	*
Facilities	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	\$5.72	\$5.72
Taxes	\$5.50	\$5.50
Miscellaneous	\$38.74	\$38.74
Subtotal	\$49.96	\$49.96
Total	\$49.96	\$49.96

QATAR		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	*	*
Facilities	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Total	\$0.00	\$0.00

SAUDI ARABIA

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	\$10.34	\$10.34
Facilities	\$0.71	\$0.71
Miscellaneous	*	*
Subtotal	\$11.05	\$11.05
Indirect Support		
Rent	\$6.30	\$6.30
Taxes	\$82.09	\$82.09
Miscellaneous	\$8.71	\$8.71
Subtotal	\$97.11	\$97.11
Total	\$108.16	\$108.16

UNITED ARAB EMIRATES

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1997

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities	\$0.05	\$0.05
Facilities	*	*
Miscellaneous	*	*
Subtotal	\$0.05	\$0.05
Indirect Support		
Rent	\$10.00	\$10.00
Taxes	\$0.36	\$0.36
Miscellaneous	*	*
Subtotal	\$10.36	\$10.36
Total	\$10.41	\$10.41

E. ADDITIONAL STATISTICS

Table E-1
Gross Domestic Product (GDP)
(1998 Dollars in Billions - 1998 Exchange Rates)

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	7,009.4	7,551.3	7,701.3	7,914.2	8,211.6	8,436.1	2.7%	20.4%
<u>NATO Allies</u>								
Belgium	210.4	218.9	223.4	226.7	232.9	239.1	2.7%	13.7%
Canada	537.5	567.1	579.3	586.5	608.9	629.1	3.3%	17.0%
Denmark	139.2	150.0	154.7	160.1	165.4	170.4	3.0%	22.4%
France	1,228.6	1,270.8	1,297.3	1,317.2	1,349.3	1,389.1	2.9%	13.1%
Germany	1,630.6	1,914.9	1,949.5	1,975.9	2,019.0	2,073.2	2.7%	27.1%
Greece	96.2	100.3	102.4	105.2	108.9	112.1	3.0%	16.6%
Italy	1,033.3	1,061.4	1,092.6	1,099.8	1,116.4	1,142.8	2.4%	10.6%
Luxembourg	10.9	13.7	14.2	14.6	15.2	15.7	3.4%	44.0%
Netherlands	295.8	321.0	328.3	339.0	350.1	362.9	3.7%	22.7%
Norway	109.2	126.0	130.5	137.4	142.1	147.9	4.1%	35.5%
Portugal	81.3	85.5	87.1	89.8	92.9	96.4	3.8%	18.6%
Spain	456.5	474.9	487.9	499.0	515.9	534.2	3.5%	17.0%
Turkey	139.2	152.1	163.0	174.8	185.7	195.9	5.5%	40.7%
United Kingdom	1,192.8	1,238.6	1,272.4	1,300.3	1,342.6	1,366.0	1.7%	14.5%
Subtotal	7,161.5	7,695.3	7,882.7	8,026.2	8,245.4	8,475.0	2.8%	18.3%
<u>Pacific Allies</u>								
Japan	3,486.2	3,690.6	3,744.9	3,891.8	3,926.7	3,916.8	-0.3%	12.4%
Republic of Korea	183.0	240.9	262.4	281.1	296.6	296.0	-0.2%	61.8%
Subtotal	3,669.1	3,931.5	4,007.3	4,172.9	4,223.3	4,212.8	-0.2%	14.8%
<u>Gulf Cooperation Council</u>								
Bahrain	4.0	4.9	5.1	5.4	5.6	5.7	1.6%	42.9%
Kuwait	18.9 *	27.2	28.0	31.5	32.4	33.1	2.3%	75.2% *
Oman	9.0	11.7	12.1	15.2	15.7	15.5	-1.8%	71.2%
Qatar	9.3	8.2	8.6	9.6	9.6	11.3	18.2%	21.8%
Saudi Arabia	112.8	125.5	126.1	135.3	145.1	142.2	-2.0%	26.1%
United Arab Emirates	51.4	45.7	45.7	48.5	46.9	42.2	-9.9%	-17.8%
Subtotal	205.4	223.2	225.5	245.5	255.2	250.0	-2.0%	21.7%
Grand Total	18,045.4	19,401.3	19,816.9	20,358.7	20,935.5	21,373.9	2.1%	18.4%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Figures for 1990 reflect severe distortions due to the Gulf War.

Table E-2
GDP Per Capita
(1998 Dollars in Billions - 1998 Exchange Rates)

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	28,047	28,968	29,264	29,802	30,616	31,141	1.7%	11.0%
<u>NATO Allies</u>								
Belgium	21,111	21,638	21,998	22,317	22,858	23,405	2.4%	10.9%
Canada	19,342	19,383	19,562	19,573	20,060	20,459	2.0%	5.8%
Denmark	27,082	28,813	29,582	30,418	31,347	32,193	2.7%	18.9%
France	21,655	21,949	22,313	22,563	23,025	23,660	2.8%	9.3%
Germany	25,779	23,518	23,873	24,132	24,537	25,070	2.2%	-2.7%
Greece	9,536	9,618	9,796	10,053	10,293	10,544	2.4%	10.6%
Italy	18,212	18,554	19,074	19,136	19,394	19,821	2.2%	8.8%
Luxembourg	28,373	34,128	34,392	34,995	35,846	36,559	2.0%	28.9%
Netherlands	19,785	20,869	21,235	21,879	22,464	23,118	2.9%	16.8%
Norway	25,746	29,055	30,016	31,439	32,361	33,515	3.6%	30.2%
Portugal	8,287	8,631	8,786	9,036	9,331	9,671	3.6%	16.7%
Spain	11,750	12,131	12,443	12,706	13,111	13,549	3.3%	15.3%
Turkey	2,477	2,511	2,645	2,788	2,911	3,016	3.6%	21.8%
United Kingdom	20,722	21,211	21,711	22,121	22,772	23,099	1.4%	11.5%
Subtotal	17,395	17,502	17,829	18,055	18,432	18,834	2.2%	8.3%
<u>Pacific Allies</u>								
Japan	28,219	29,534	29,823	30,946	31,149	31,010	-0.4%	9.9%
Republic of Korea	4,268	5,396	5,819	6,172	6,497	6,424	-1.1%	50.5%
Subtotal	22,049	23,181	23,481	24,359	24,594	24,439	-0.6%	10.8%
<u>Gulf Cooperation Council</u>								
Bahrain	7,873	8,862	8,786	9,005	8,841	8,707	-1.5%	10.6%
Kuwait	8,893 *	18,076	18,094	19,811	14,647	16,889	15.3%	89.9% *
Oman	5,547	5,636	5,655	7,012	6,962	6,660	-4.3%	20.1%
Qatar	19,094	13,393	13,417	14,518	15,941	17,948	12.6%	-6.0%
Saudi Arabia	7,139	6,842	6,646	6,972	7,575	7,031	-7.2%	-1.5%
United Arab Emirates	27,872	19,136	18,558	19,153	18,096	15,760	-12.9%	-43.5%
Subtotal	9,173	8,759	8,562	9,105	9,299	8,781	-5.6%	-4.3%
Grand Total	21,219	21,667	21,962	22,413	22,888	23,189	1.3%	9.3%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Figures for 1990 reflect severe distortions due to the Gulf War.

Table E-3
Labor Force
(Millions)

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	125.9	131.0	132.3	133.9	136.3	138.2	1.4%	9.8%
<u>NATO Allies</u>								
Belgium	4.1	4.2	4.3	4.3	4.3	4.3	0.6%	3.8%
Canada	14.3	14.8	14.9	15.1	15.3	15.6	1.5%	8.7%
Denmark	2.9	2.9	2.9	2.8	2.9	2.9	0.8%	0.9%
France	24.9	25.3	25.4	25.6	25.7	25.8	0.5%	4.0%
Germany	30.4	38.7	38.5	38.4	38.4	38.5	0.2%	26.7%
Greece	4.0	4.2	4.2	4.3	4.4	4.4	1.2%	10.7%
Italy	23.1	22.7	22.7	22.9	22.9	22.9	0.0%	-1.0%
Luxembourg	0.2	0.2	0.2	0.2	0.2	0.2	1.6%	9.7%
Netherlands	6.0	6.4	6.5	6.6	6.7	6.8	1.4%	13.4%
Norway	2.1	2.2	2.2	2.2	2.3	2.3	1.0%	8.1%
Portugal	4.7	4.5	4.5	4.5	4.6	4.7	1.1%	-0.7%
Spain	15.3	15.7	15.8	16.0	16.1	16.3	1.0%	6.5%
Turkey	20.2	21.4	21.9	22.2	22.7	23.1	2.0%	14.8%
United Kingdom	28.7	28.5	28.6	28.8	28.9	29.0	0.4%	0.9%
Subtotal	180.9	191.7	192.6	194.0	195.3	196.8	0.7%	8.8%
<u>Pacific Allies</u>								
Japan	63.8	66.4	66.7	67.1	67.9	67.9	0.0%	6.4%
Republic of Korea	18.5	20.3	20.8	21.2	21.6	21.6	0.1%	16.7%
Subtotal	82.4	86.8	87.5	88.3	89.5	89.5	0.0%	8.7%
<u>Gulf Cooperation Council</u>								
Bahrain	0.2	0.3	0.3	0.3	0.3	0.3	2.3%	19.1%
Kuwait	0.9	0.8	0.8	0.8	0.8	0.8	-1.6%	-11.7%
Oman	0.4	0.5	0.5	0.6	0.6	0.6	5.2%	49.7%
Qatar	0.3	0.3	0.3	0.3	0.4	0.4	3.9%	35.8%
Saudi Arabia	5.3	6.0	6.2	6.4	6.7	6.9	3.3%	29.6%
United Arab Emirates	0.9	1.1	1.1	1.2	1.2	1.3	3.9%	36.3%
Subtotal	8.1	9.0	9.3	9.5	9.9	10.2	3.1%	26.8%
Grand Total	397.2	418.6	421.7	425.8	431.1	434.8	0.9%	9.5%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-4
Defense Spending
(1998 Dollars in Billions - 1998 Exchange Rates)

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	379.2	313.6	297.9	283.8	282.3	269.8	-4.4%	-28.9%
<u>NATO Allies</u>								
Belgium	4.9	3.7	3.6	3.6	3.6	3.6	0.4%	-26.9%
Canada	10.5	9.6	9.0	8.2	7.7	7.1	-8.1%	-32.7%
Denmark	2.8	2.7	2.7	2.7	2.7	2.8	0.8%	-3.3%
France	44.1	42.6	40.6	39.8	40.2	39.2	-2.4%	-11.1%
Germany	46.1	34.0	33.3	32.8	32.0	31.9	-0.3%	-30.7%
Greece	4.5	4.4	4.5	4.7	5.0	5.4	8.9%	20.9%
Italy	25.5	24.9	22.4	22.6	22.4	22.4	0.0%	-12.1%
Luxembourg	0.1	0.1	0.1	0.1	0.1	0.1	6.2%	32.2%
Netherlands	7.8	6.9	6.6	6.8	6.7	6.5	-2.2%	-16.4%
Norway	3.3	3.4	3.0	3.2	3.1	3.2	2.4%	-3.7%
Portugal	2.3	2.2	2.3	2.3	2.3	2.3	-0.3%	1.2%
Spain	8.4	7.3	7.6	7.4	7.5	7.2	-3.8%	-14.7%
Turkey	6.1	6.7	7.1	7.2	7.6	8.0	4.9%	30.6%
United Kingdom	51.3	42.7	39.3	39.0	37.0	37.1	0.3%	-27.7%
Subtotal	217.7	191.2	182.2	180.6	177.8	176.7	-0.6%	-18.8%
<u>Pacific Allies</u>								
Japan	33.7	36.1	36.6	37.7	38.6	38.0	-1.4%	12.8%
Republic of Korea	7.0	8.0	8.3	8.8	9.7	9.5	-2.1%	36.1%
Subtotal	40.7	44.0	44.9	46.6	48.3	47.6	-1.6%	16.8%
<u>Gulf Cooperation Council</u>								
Bahrain	0.2	0.3	0.3	0.3	0.3	0.4	38.3%	101.3%
Kuwait	14.0 *	3.4	3.5	4.1	4.0	4.0	-0.8%	-71.7% *
Oman	1.7	2.0	2.0	1.9	1.8	1.8	-0.4%	9.2%
Qatar	0.3	0.4	0.8	0.8	1.4	1.2	-10.3%	390.3%
Saudi Arabia	34.3	13.4	13.3	17.3	18.1	18.4	2.0%	-46.3%
United Arab Emirates	4.0	2.4	2.3	2.3	2.5	3.7	49.4%	-5.6%
Subtotal	54.4	21.8	22.2	26.6	28.0	29.6	5.4%	-45.7%
Grand Total	692.0	570.6	547.2	537.5	536.5	523.6	-2.4%	-24.3%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Figures for 1990 reflect severe distortions due to the Gulf War.

Table E-5
Defense Spending as a Percentage of GDP

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	5.3%	4.1%	3.8%	3.6%	3.4%	3.2%	-6.5%	-40.0%
<u>NATO Allies</u>								
Belgium	2.4%	1.7%	1.6%	1.6%	1.5%	1.5%	-2.1%	-37.0%
Canada	2.0%	1.7%	1.6%	1.4%	1.3%	1.1%	-11.0%	-43.5%
Denmark	2.0%	1.8%	1.7%	1.7%	1.7%	1.6%	-2.3%	-18.7%
France	3.6%	3.3%	3.1%	3.0%	3.0%	2.8%	-5.1%	-20.7%
Germany	2.8%	1.8%	1.7%	1.7%	1.6%	1.5%	-2.6%	-45.3%
Greece	4.7%	4.4%	4.4%	4.5%	4.6%	4.9%	6.3%	4.2%
Italy	2.1%	2.0%	1.8%	1.9%	2.0%	2.0%	-1.3%	-8.4%
Luxembourg	0.9%	0.9%	0.8%	0.8%	0.9%	0.9%	2.2%	-6.6%
Netherlands	2.6%	2.1%	2.0%	2.0%	1.9%	1.8%	-4.9%	-31.2%
Norway	2.9%	2.8%	2.3%	2.3%	2.1%	2.1%	1.1%	-27.1%
Portugal	2.8%	2.6%	2.7%	2.5%	2.5%	2.4%	-4.0%	-14.2%
Spain	1.8%	1.5%	1.5%	1.5%	1.4%	1.3%	-7.0%	-27.1%
Turkey	3.5%	4.1%	4.1%	4.1%	4.1%	4.1%	-0.9%	15.2%
United Kingdom	4.0%	3.4%	3.0%	3.0%	2.7%	2.7%	-1.0%	-32.9%
Subtotal	3.0%	2.5%	2.3%	2.2%	2.2%	2.1%	-3.3%	-31.4%
<u>Pacific Allies</u>								
Japan	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	-1.2%	0.4%
Republic of Korea	3.8%	3.3%	3.1%	3.1%	3.3%	3.2%	-1.9%	-15.9%
Subtotal	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	-1.3%	1.8%
<u>Gulf Cooperation Council</u>								
Bahrain	5.0%	5.1%	5.4%	5.3%	5.2%	7.1%	36.1%	40.8%
Kuwait	74.1% *	12.5%	12.6%	12.9%	12.3%	12.0%	-3.0%	-83.8% *
Oman	18.3%	16.8%	16.7%	12.5%	11.5%	11.7%	1.4%	-36.2%
Qatar	2.7%	4.3%	9.0%	8.5%	14.4%	10.9%	-24.1%	302.4%
Saudi Arabia	30.4%	10.7%	10.6%	12.8%	12.5%	13.0%	4.0%	-57.4%
United Arab Emirates	7.7%	5.3%	5.0%	4.6%	5.3%	8.8%	65.8%	14.8%
Subtotal	26.5%	9.8%	9.8%	10.8%	11.0%	11.8%	7.6%	-55.4%
Grand Total	3.8%	2.9%	2.8%	2.6%	2.6%	2.4%	-4.4%	-36.1%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Figures for 1990 reflect severe distortions due to the Gulf War.

Table E-6
Active-Duty Military Personnel
(Thousands)

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	2,181.0	1,715.0	1,620.0	1,575.0	1,539.0	1,518.0	-1.4%	-30.4%
<u>NATO Allies</u>								
Belgium	106.3	52.5	46.6	46.1	45.1	43.0	-4.6%	-59.6%
Canada	87.1	74.6	69.7	66.0	61.3	61.0	-0.5%	-29.9%
Denmark	31.0	27.8	27.1	28.4	25.3	25.2	-0.4%	-18.6%
France	549.6	505.5	503.8	500.7	475.1	449.3	-5.4%	-18.2%
Germany	545.4	366.2	351.6	339.4	334.5	333.0	-0.4%	-38.9%
Greece	201.4	205.5	213.3	211.6	205.6	202.0	-1.7%	0.3%
Italy	493.1	435.6	435.4	430.6	419.4	402.0	-4.2%	-18.5%
Luxembourg	1.3	1.3	1.3	1.4	1.4	1.0	-28.1%	-20.8%
Netherlands	103.7	76.9	67.3	63.9	57.0	57.0	0.0%	-45.0%
Norway	50.6	33.5	38.3	38.2	33.5	33.0	-1.4%	-34.8%
Portugal	87.5	69.1	77.7	73.3	72.9	75.0	2.9%	-14.3%
Spain	262.7	212.9	209.7	202.8	196.6	189.0	-3.9%	-28.1%
Turkey	768.9	811.0	804.6	818.4	828.1	833.0	0.6%	8.3%
United Kingdom	308.3	256.6	233.3	221.2	218.2	216.0	-1.0%	-29.9%
Subtotal	3,596.9	3,129.1	3,079.7	3,041.9	2,973.9	2,919.5	-1.8%	-18.8%
<u>Pacific Allies</u>								
Japan	234.2	233.8	239.6	240.5	235.6	242.6	3.0%	3.6%
Republic of Korea	655.0	615.0	655.0	660.0	672.0	672.0	0.0%	2.6%
Subtotal	889.2	848.9	894.6	900.5	907.6	914.6	0.8%	2.9%
<u>Gulf Cooperation Council</u>								
Bahrain	6.0	8.1	10.7	11.0	11.0	11.0	0.0%	83.3%
Kuwait	20.3	16.6	16.6	15.3	15.3	15.3	0.0%	-24.6%
Oman	29.5	42.9	43.5	43.5	43.5	43.5	0.0%	47.5%
Qatar	7.5	10.1	11.1	11.8	11.8	11.8	0.0%	57.3%
Saudi Arabia	67.5	104.0	105.5	105.5	105.5	105.5	0.0%	56.3%
United Arab Emirates	44.0	61.5	70.0	64.5	64.5	64.5	0.0%	46.6%
Subtotal	174.8	243.2	257.4	251.6	251.6	251.6	0.0%	43.9%
Grand Total	6,841.8	5,936.2	5,851.7	5,768.9	5,672.1	5,603.7	-1.2%	-18.1%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-7
Active-Duty Military Personnel
as a Percentage of the Labor Force

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	1.7%	1.3%	1.2%	1.2%	1.1%	1.1%	-2.7%	-36.6%
<u>NATO Allies</u>								
Belgium	2.6%	1.2%	1.1%	1.1%	1.1%	1.0%	-5.1%	-61.0%
Canada	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	-1.9%	-35.5%
Denmark	1.1%	1.0%	0.9%	1.0%	0.9%	0.9%	-1.2%	-19.3%
France	2.2%	2.0%	2.0%	2.0%	1.8%	1.7%	-5.9%	-21.4%
Germany	1.8%	0.9%	0.9%	0.9%	0.9%	0.9%	-0.6%	-51.8%
Greece	5.0%	4.9%	5.0%	4.9%	4.7%	4.6%	-2.9%	-9.4%
Italy	2.1%	1.9%	1.9%	1.9%	1.8%	1.8%	-4.2%	-17.6%
Luxembourg	0.8%	0.8%	0.8%	0.8%	0.8%	0.6%	-29.2%	-27.8%
Netherlands	1.7%	1.2%	1.0%	1.0%	0.8%	0.8%	-1.3%	-51.6%
Norway	2.4%	1.6%	1.7%	1.7%	1.5%	1.4%	-2.3%	-39.7%
Portugal	1.9%	1.5%	1.7%	1.6%	1.6%	1.6%	1.8%	-13.7%
Spain	1.7%	1.4%	1.3%	1.3%	1.2%	1.2%	-4.8%	-32.5%
Turkey	3.8%	3.8%	3.7%	3.7%	3.7%	3.6%	-1.4%	-5.6%
United Kingdom	1.1%	0.9%	0.8%	0.8%	0.8%	0.7%	-1.4%	-30.6%
Subtotal	2.0%	1.6%	1.6%	1.6%	1.5%	1.5%	-2.5%	-25.4%
<u>Pacific Allies</u>								
Japan	0.4%	0.4%	0.4%	0.4%	0.3%	0.4%	3.0%	-2.6%
Republic of Korea	3.5%	3.0%	3.1%	3.1%	3.1%	3.1%	-0.1%	-12.1%
Subtotal	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	0.7%	-5.4%
<u>Gulf Cooperation Council</u>								
Bahrain	2.7%	3.2%	4.1%	4.1%	4.2%	4.1%	-2.3%	54.0%
Kuwait	2.3%	2.1%	2.1%	2.0%	1.9%	1.9%	1.6%	-14.7%
Oman	6.9%	8.3%	8.1%	7.7%	7.1%	6.8%	-4.9%	-1.5%
Qatar	2.7%	3.2%	3.4%	3.5%	3.3%	3.2%	-3.8%	15.8%
Saudi Arabia	1.3%	1.7%	1.7%	1.6%	1.6%	1.5%	-3.2%	20.6%
United Arab Emirates	4.7%	5.7%	6.2%	5.5%	5.3%	5.1%	-3.8%	7.6%
Subtotal	2.2%	2.7%	2.8%	2.6%	2.5%	2.5%	-3.0%	13.5%
Grand Total	1.7%	1.4%	1.4%	1.4%	1.3%	1.3%	-2.0%	-25.2%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-8
Ground Combat Capability
as a Percentage of Total

	1994	1995	1996	1997	1998	% Change 97-98	% Change 94-98
United States	48.7%	47.1%	43.6%	43.4%	44.0%	1.4%	-9.7%
<u>NATO Allies</u>							
Belgium	1.0%	1.0%	1.1%	1.0%	0.8%	-14.6%	-15.7%
Canada	1.0%	0.9%	1.0%	1.0%	1.1%	5.8%	9.3%
Denmark	0.8%	0.8%	1.0%	0.9%	1.0%	7.4%	20.6%
France	3.5%	3.5%	3.5%	4.2%	4.3%	2.6%	22.6%
Germany	9.8%	10.9%	9.1%	8.8%	7.7%	-11.9%	-20.7%
Greece	4.6%	4.6%	4.5%	4.5%	4.6%	1.5%	-0.7%
Italy	4.0%	4.2%	4.0%	4.0%	3.4%	-14.1%	-15.1%
Luxembourg	NA	NA	0.0%	0.0%	0.0%	0.0%	NA
Netherlands	2.3%	2.6%	2.2%	2.2%	1.7%	-22.1%	-27.7%
Norway	0.9%	0.9%	1.0%	0.9%	0.9%	2.6%	9.3%
Portugal	0.5%	0.5%	0.5%	0.5%	0.4%	-6.5%	-16.8%
Spain	2.4%	2.4%	2.3%	2.3%	2.2%	-2.2%	-6.7%
Turkey	6.6%	6.3%	7.0%	6.6%	6.7%	1.8%	0.7%
United Kingdom	3.2%	3.3%	3.0%	2.8%	2.8%	-2.3%	-14.8%
Subtotal	40.7%	41.9%	40.1%	39.6%	37.7%	-4.9%	-7.4%
<u>Pacific Allies</u>							
Japan	2.7%	2.9%	3.3%	2.9%	3.0%	2.1%	9.4%
Republic of Korea	7.9%	8.1%	7.3%	7.5%	7.9%	5.4%	0.8%
Subtotal	10.6%	11.0%	10.6%	10.5%	10.9%	4.5%	3.1%
<u>Gulf Cooperation Council</u>							
Bahrain	NA	NA	0.4%	0.4%	0.3%	-17.9%	NA
Kuwait	NA	NA	0.5%	1.0%	1.1%	12.2%	NA
Oman	NA	NA	0.3%	0.3%	0.3%	8.0%	NA
Qatar	NA	NA	0.2%	0.2%	0.2%	2.3%	NA
Saudi Arabia	NA	NA	3.2%	3.4%	4.0%	18.5%	NA
United Arab Emirates	NA	NA	1.2%	1.3%	1.4%	10.6%	NA
Subtotal	NA	NA	5.7%	6.6%	7.4%	12.8%	NA
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-9
Naval Force Tonnage
as a Percentage of Total

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	60.0%	55.0%	54.9%	53.1%	53.8%	58.1%	7.9%	-3.2%
<u>NATO Allies</u>								
Belgium	0.3%	0.3%	0.2%	0.2%	0.3%	0.2%	-22.4%	-34.0%
Canada	1.7%	2.0%	2.2%	2.3%	2.4%	2.0%	-13.7%	17.6%
Denmark	0.5%	0.6%	0.6%	0.7%	0.7%	0.6%	-10.7%	29.2%
France	5.9%	5.9%	5.8%	5.9%	5.8%	4.7%	-19.0%	-20.2%
Germany	3.1%	2.6%	2.6%	2.7%	2.8%	2.3%	-18.0%	-25.7%
Greece	1.9%	2.1%	2.1%	2.1%	2.1%	1.9%	-9.4%	-1.9%
Italy	2.1%	2.8%	2.8%	2.8%	2.9%	2.7%	-6.2%	28.2%
Luxembourg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	1.3%	1.7%	1.6%	1.5%	1.5%	1.5%	-1.7%	18.0%
Norway	0.6%	0.7%	0.7%	0.8%	0.8%	0.7%	-17.2%	14.6%
Portugal	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	-11.8%	-8.2%
Spain	2.4%	2.3%	2.6%	2.6%	2.6%	2.7%	2.7%	11.6%
Turkey	2.7%	3.0%	3.0%	3.0%	2.9%	2.5%	-13.4%	-5.5%
United Kingdom	11.1%	11.0%	10.7%	10.8%	10.7%	9.7%	-9.1%	-12.6%
Subtotal	34.2%	35.6%	35.6%	36.0%	36.1%	32.1%	-11.0%	-6.1%
<u>Pacific Allies</u>								
Japan	5.8%	7.1%	7.2%	7.4%	7.5%	6.7%	-10.9%	16.4%
Republic of Korea	NA	2.3%	2.3%	2.4%	1.3%	2.0%	52.4%	NA
Subtotal	5.8%	9.4%	9.5%	9.7%	8.9%	8.7%	-1.4%	51.4%
<u>Gulf Cooperation Council</u>								
Bahrain	NA	NA	NA	0.1%	0.1%	0.1%	-26.8%	NA
Kuwait	NA	NA	NA	0.0%	0.0%	0.0%	-37.6%	NA
Oman	NA	NA	NA	0.3%	0.3%	0.3%	-18.7%	NA
Qatar	NA	NA	NA	0.0%	0.0%	0.0%	22.3%	NA
Saudi Arabia	NA	NA	NA	0.7%	0.6%	0.5%	-10.8%	NA
United Arab Emirates	NA	NA	NA	0.0%	0.1%	0.1%	4.3%	NA
Subtotal	NA	NA	NA	1.1%	1.2%	1.1%	-12.3%	NA
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-10
Tactical Combat Aircraft
as a Percentage of Total

	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	48.9%	44.2%	41.3%	40.0%	37.9%	46.3%	22.4%	-5.1%
<u>NATO Allies</u>								
Belgium	1.7%	1.7%	2.0%	1.6%	1.7%	1.5%	-14.6%	-12.3%
Canada	1.5%	1.9%	2.1%	1.8%	1.9%	1.1%	-43.7%	-30.3%
Denmark	0.8%	0.7%	0.8%	0.7%	0.7%	0.6%	-19.3%	-28.0%
France	8.0%	9.5%	8.9%	8.5%	8.8%	7.2%	-17.7%	-9.2%
Germany	5.6%	5.1%	6.0%	5.9%	6.2%	5.0%	-18.8%	-10.3%
Greece	3.5%	4.5%	5.2%	5.1%	5.4%	4.7%	-12.0%	35.8%
Italy	5.2%	4.9%	6.0%	5.5%	5.6%	4.9%	-13.5%	-6.8%
Luxembourg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	2.1%	1.8%	1.8%	1.7%	1.8%	1.6%	-15.1%	-25.5%
Norway	0.7%	0.8%	0.8%	0.7%	0.7%	0.6%	-15.8%	-11.1%
Portugal	0.9%	1.5%	1.5%	1.0%	1.1%	0.9%	-17.9%	0.6%
Spain	2.2%	2.1%	2.1%	2.1%	2.2%	1.9%	-15.4%	-14.8%
Turkey	4.0%	5.1%	4.8%	4.4%	4.6%	4.4%	-5.8%	9.4%
United Kingdom	7.9%	6.9%	7.7%	7.1%	7.0%	5.7%	-18.8%	-28.0%
Subtotal	44.0%	46.6%	49.7%	46.1%	47.7%	39.9%	-16.4%	-9.3%
<u>Pacific Allies</u>								
Japan	2.9%	4.1%	3.8%	3.8%	4.0%	3.7%	-8.4%	26.5%
Republic of Korea	4.2%	5.1%	5.2%	5.0%	5.0%	4.9%	-1.7%	NA
Subtotal	7.2%	9.2%	9.1%	8.9%	9.0%	8.6%	-4.7%	19.5%
<u>Gulf Cooperation Council</u>								
Bahrain	NA	NA	NA	0.2%	0.2%	0.2%	-14.6%	NA
Kuwait	NA	NA	NA	0.5%	0.6%	0.4%	-34.5%	NA
Oman	NA	NA	NA	0.3%	0.4%	0.4%	14.7%	NA
Qatar	NA	NA	NA	0.1%	0.1%	0.2%	57.7%	NA
Saudi Arabia	NA	NA	NA	2.9%	3.0%	3.1%	3.0%	NA
United Arab Emirates	NA	NA	NA	1.0%	1.1%	0.9%	-17.0%	NA
Subtotal	NA	NA	NA	5.0%	5.4%	5.2%	-3.9%	NA
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-11
UN Peacekeeping Personnel

	1994	1995	1996	1997	1998	% Change 97-98	% Change 94-98
United States	963	2,449	700	637	583	-8.5%	-39.5%
<u>NATO Allies</u>							
Belgium	1,054	682	845	146	11	-92.5%	-99.0%
Canada	2,811	956	1,034	889	297	-66.6%	-89.4%
Denmark	1,366	273	126	126	116	-7.9%	-91.5%
France	5,149	494	503	474	664	40.1%	-87.1%
Germany	15	29	172	190	190	0.0%	1166.7%
Greece	13	12	18	13	12	-7.7%	-7.7%
Italy	278	78	76	97	194	100.0%	-30.2%
Luxembourg	0	0	0	0	0	0.0%	0.0%
Netherlands	1,889	230	97	93	169	81.7%	-91.1%
Norway	1,692	995	726	708	153	-78.4%	-91.0%
Portugal	264	274	411	474	155	-67.3%	-41.3%
Spain	1,358	22	46	56	71	26.8%	-94.8%
Turkey	1,473	17	40	42	42	0.0%	-97.1%
United Kingdom	3,820	437	415	459	416	-9.4%	-89.1%
Subtotal	21,182	4,499	4,509	3,767	2,490	-33.9%	-88.2%
<u>Pacific Allies</u>							
Japan	53	0	45	45	44	-2.2%	-17.0%
Republic of Korea	55	255	239	27	32	18.5%	-41.8%
Subtotal	108	255	284	72	76	5.6%	-29.6%
<u>Gulf Cooperation Council</u>							
Bahrain	0	0	0	0	0	0.0%	0.0%
Kuwait	0	0	0	0	0	0.0%	0.0%
Oman	0	0	0	0	0	0.0%	0.0%
Qatar	0	0	0	0	0	0.0%	0.0%
Saudi Arabia	0	0	0	0	0	0.0%	0.0%
United Arab Emirates	0	0	0	0	0	0.0%	0.0%
Subtotal	0	0	0	0	0	0.0%	0.0%
Grand Total	22,253	7,203	5,493	4,476	3,149	-29.6%	-85.8%

Table E-12
UN Peacekeeping Funding
 1998 Constant U.S. Dollars in Millions - 1998 Exchange Rates

	1994	1995	1996	1997	% Change 96-97	% Change 94-97
United States	1,078.0	431.8	288.2	303.2	5.2%	-71.9%
<u>NATO Allies</u>						
Belgium	34.5	17.7	20.0	11.9	-40.4%	-65.5%
Canada	100.7	96.6	38.2	30.0	-21.4%	-70.2%
Denmark	20.2	18.8	8.0	6.9	-12.9%	-65.7%
France	150.8	267.7	94.6	69.1	-26.9%	-54.1%
Germany	255.4	230.0	104.7	87.7	-16.2%	-65.6%
Greece	2.1	2.1	1.2	1.8	55.4%	-14.5%
Italy	152.4	145.2	56.5	58.6	3.6%	-61.6%
Luxembourg	1.7	1.8	0.7	0.5	0.0%	0.0%
Netherlands	43.5	41.5	17.1	15.0	-11.9%	-65.5%
Norway	19.0	15.5	6.0	5.3	-11.3%	-71.9%
Portugal	1.5	1.7	1.4	1.6	10.4%	3.3%
Spain	81.1	60.8	39.7	22.8	-42.7%	-71.9%
Turkey	0.6	0.8	1.1	0.0	-100.0%	-100.0%
United Kingdom	234.0	236.6	103.2	67.8	-34.3%	-71.0%
Subtotal	1,097.6	1,136.6	492.4	379.2	-23.0%	-65.5%
<u>Pacific Allies</u>						
Japan	289.9	351.8	96.5	134.1	38.9%	-53.7%
Republic of Korea	2.5	3.1	1.3	1.2	-4.4%	-51.5%
Subtotal	292.4	354.9	97.8	135.3	38.4%	-53.7%
<u>Gulf Cooperation Council</u>						
Bahrain	0.2	0.1	0.1	0.0	-22.8%	-80.2%
Kuwait	1.7	1.4	0.5	0.4	-11.9%	-76.1%
Oman	0.1	0.2	0.2	0.1	-49.0%	-20.1%
Qatar	0.1	0.0	0.1	0.1	52.3%	-6.5%
Saudi Arabia	2.4	9.8	5.1	1.7	-67.1%	-30.5%
United Arab Emirates	0.1	1.3	0.7	0.4	-43.5%	170.1%
Subtotal	4.7	12.8	6.6	2.7	-58.4%	-41.7%
Grand Total	2,472.6	1,936.2	884.9	820.4	-7.3%	-66.8%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-13
Foreign Assistance
1998 Constant U.S. Dollars in Millions - 1998 Exchange Rates

Country	1990	1994	1995	1996	1997	% Change 96-97	% Change 90-97
United States	14,317	13,423	9,166	11,474	9,547	-16.8%	-33.3%
<u>NATO Allies</u>							
Belgium	1,099	862	1,171	1,008	832	-17.4%	-24.2%
Canada	2,797	2,457	2,388	2,009	2,226	10.8%	-20.4%
Denmark	1,391	1,606	1,901	1,975	1,816	-8.0%	30.6%
France	8,345	9,576	9,528	8,344	6,694	-19.8%	-19.8%
Germany	8,972	9,786	12,346	9,067	6,576	-27.5%	-26.7%
Greece	12 ^c	161	183	205 ^b	189	-7.4% ^d	1470.8% ^d
Italy	4,976	3,366	2,109	2,851	1,545	-45.8%	-69.0%
Luxembourg	31	70	78	87	98	12.8%	219.4%
Netherlands	3,061	2,831	3,734	3,403	3,016	-11.4%	-1.5%
Norway	1,408	1,342	1,394	1,397	1,356	-2.9%	-3.7%
Portugal	239	376	301	249	276	10.8%	15.1%
Spain	1,392	1,656	1,587	1,414	1,268	-10.4%	-8.9%
Turkey	356	794	680	287	^a	^a	^a
United Kingdom	3,761	3,877	3,912	3,744	3,862	3.2%	2.7%
Subtotal	37,840	38,760	41,311	36,041	29,754	-17.4%	-21.4%
<u>Pacific Allies</u>							
Japan	9,710	13,487	14,835	9,730	9,492	-2.4%	-2.2%
Republic of Korea	100	194	131 ^b	174 ^b	231	33.1% ^d	130.4%
Subtotal	9,810	13,681	14,966	9,904	9,723	-1.8%	-0.9%
<u>Gulf Cooperation Council</u>							
Bahrain	^a	^a	^a	^a	^a	^a	^a
Kuwait	1,397	622	415	438 ^b	376 ^b	-14.1% ^b	-73.1% ^d
Oman	^a	^a	^a	^a	^a	^a	^a
Qatar	^a	^a	^a	^a	^a	^a	^a
Saudi Arabia	3,936	331	193 ^b	326 ^b	234 ^b	-28.2% ^b	-94.1% ^d
United Arab Emirates	1,356	126	76	34	^a	^a	^a
Subtotal	6,689	1,079	684	798	610	-23.6%	-90.9%
Grand Total	68,656	66,944	66,127	58,217	49,635	-14.7%	-27.7%

NOTE: Total Foreign Assistance includes net disbursements of Official Development Assistance (ODA) and Official Aid (OA) to developing countries and territories and those in transition (e.g., Central and Eastern European Countries and the New Independent States of the former Soviet Union).

^a No data available

^c Includes only OA; ODA data not available

^b Includes only ODA; OA data not available

^d Based on incomplete data

Yearly data rounded. Percent changed calculated using non-rounded figures.

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: A REPORT TO THE US CONGRESS BY THE SECRETARY OF DEFENSE REPORT ON ALLIED CONTRIBUTIONS TO THE COMMON DEFENSE

B. DATE Report Downloaded From the Internet: JUNE 16, 1999

Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): DEPARTMENT OF DEFENSE , WASHINGTON DC

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by: DTIC-OCA, Initials: __LL__ Preparation Date JUNE 16, 1999

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AQ I99-09-1266